One Hundred Eighth Annual Report

of the

State Corporation Commission

of

Virginia

For the Year Ending December 31, 2010

GENERAL REPORT

Letter of Transmittal

COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

RICHMOND, VIRGINIA, *December 31, 2010*

To the Honorable Robert F. McDonnell

Governor of Virginia

Sir:

We have the honor to transmit herewith the one hundred eighth Annual Report of the State Corporation Commission for the year 2010.

Respectfully submitted,

James C. Dimitri, Chairman

Judith Williams Jagdmann, Commissioner

Mark C. Christie, Commissioner

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State Corporation Commission

COMMISSIONERS

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

Joel H. Peck

Clerk of the Commission

*Term as Chairman expired January 31, 2010

**Elected Chairman effective for term of one year, February 1, 2010

Commissioners

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

The names and terms of office of the Commissioners:

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

From 1903 through 2010 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	7	Dimitri	2
Jagdmann	5				

Preface

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

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

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

COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

Rules of Practice and Procedure

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CHAPTER 20

STATE CORPORATION COMMISSION

RULES OF PRACTICE AND PROCEDURE

PART I.

GENERAL PROVISIONS.

5 VAC 5-20-10. Applicability.

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

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

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

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

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

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

5 VAC 5-20-30. Counsel.

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

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

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

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

5 VAC 5-20-50. Consultation by parties with commissioners and hearing examiners.

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

5 VAC 5-20-60. Commission staff.

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

5 VAC 5-20-70. Informal complaints.

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

PART II.

COMMENCEMENT OF FORMAL PROCEEDINGS.

5 VAC 5-20-80. Regulatory proceedings.

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

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

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

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

5 VAC 5-20-90. Adjudicatory proceedings.

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

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

5 VAC 5-20-100. Other proceedings.

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

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

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

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

PART III.

PROCEDURES IN FORMAL PROCEEDINGS.

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

5 VAC 5-20-120. Procedure before hearing examiners.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5 VAC 5-20-170. Confidential information.

A person who proposes in good faith in a formal proceeding that information to be filed with or delivered to the commission be withheld from public disclosure on the ground that it contains trade secrets, privileged, or confidential commercial or financial information shall file this information under seal with the Clerk of the Commission, or otherwise deliver the information under seal to the commission staff, or both, as may be required. Items filed or delivered under seal shall be securely sealed in an opaque container that is clearly labeled "UNDER SEAL," and, if filed, shall meet the other requirements for filing contained in these rules. An original and 15 copies of all such information shall be filed with the clerk. One additional copy of all such information shall also be delivered under seal to the commission staff counsel assigned to the matter, or, where no counsel has been assigned, to the general counsel who, until ordered otherwise by the commission, shall disclose the information only to the members of the commission staff directly assigned to the matter as necessary in the discharge of their duties. Staff counsel and all members of the commission staff, until otherwise ordered by the commission, shall maintain the information in strict confidence and shall not disclose its contents to members of the public, or to other staff members not assigned to the matter. The commission staff or any party may object to the proposed withholding of the information.

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

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

Upon challenge, the information shall be treated as confidential pursuant to these rules only where the party requesting confidential treatment can demonstrate to the satisfaction of the commission that the risk of harm of publicly disclosing the information outweighs the presumption in favor of public disclosure. If the commission determines that the information should be withheld from public disclosure, it may nevertheless require the information to be disclosed to parties to a proceeding under appropriate protective order.

Whenever a document is filed with the clerk under seal, an original and one copy of an expurgated or redacted version of the document deemed by the filing party or determined by the commission to be confidential shall be filed with the clerk for use and review by the public. A document containing confidential information shall not be submitted electronically. An expurgated or redacted version of the document may be filed electronically. Documents containing confidential information must be filed in hardcopy and in accordance with all requirements of these rules. Upon a determination by the commission or a hearing examiner that all or portions of any materials filed under seal are not entitled to confidential treatment, the filing party shall file one original and one copy of the expurgated or redacted version of the document reflecting the ruling.

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

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

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

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

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

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

The official transcript of a hearing before the commission or a hearing examiner shall be that prepared by the court reporters retained by the commission and certified by the court reporter as a true and correct transcript of the proceeding. Transcripts of proceedings shall not be prepared except in cases assigned to a hearing examiner, when directed by the commission, or when requested by a party desiring to purchase a copy. Parties desiring to purchase copies of the transcript shall make arrangement for purchase with the court reporter. When a transcript is prepared, a copy thereof shall be made available for public inspection in the clerk's office. If the transcript includes confidential information, an expurgated or redacted version of the transcript shall be made available for public inspection in the clerk's office. Only the parties who have executed an agreement to adhere to a protective order or other arrangement for access to confidential treatment in such proceeding and the commission staff shall be entitled to access to an unexpurgated or unredacted version of the transcript. By agreement of the parties, or as the commission may by order provide, corrections may be made to the transcript.

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

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

5 VAC 5-20-200. Briefs.

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

5 VAC 5-20-210. Oral argument.

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

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

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

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

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

PART IV.

DISCOVERY AND HEARING PREPARATION PROCEDURES.

5 VAC 5-20-240. Prepared testimony and exhibits.

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

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

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

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

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

1. A copy of the original subpoena issued by the regulatory agency to the named defendant;

2. An affidavit of the requesting agency administrator stating the basis for the issuance of the subpoena under that state's laws; and

3. A memorandum from the commission's corresponding division director providing the basis for the issuance of the commission subpoena.

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

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

5 VAC 5-20-260. Interrogatories to parties 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 5 VAC 5-20-100 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 5 VAC 5-20-270, 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 5 VAC 5-20-270, may not be served until such leave is granted. No interrogatories or requests for production of documents may be served upon a member of the commission staff, except to discover factual information that supports the workpapers submitted by the staff pursuant to 5 VAC 5-20-270. 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 any relevant written or recorded statements, the existence of which is known, after reasonable inquiry, by the commission staff counsel assigned to the matter to be within the custody, possession, or control of commission staff, made by the defendant, or representatives, or agents of the defendant if the defendant is other than an individual, to a commission staff member or law enforcement officer.

A motion by the defendant under this rule shall be filed and served at least 10 days before the hearing date. The motion shall include all relief sought. A subsequent motion may be made only upon a showing of cause as to why the motion would be in the interest of justice. An order 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.

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

2. Depositions. After commencement of a proceeding to which this rule applies, the commission staff or a party may take the testimony of a party or a person not a party, other than a member of the commission staff, by deposition on oral examination or by written questions. Depositions may be used for any purpose for which they may be used in the courts of record of the Commonwealth. Except where the commission or hearing examiner finds that an emergency exists, no deposition may be taken later than 10 days in advance of the formal hearing. The attendance of witnesses at depositions may be compelled by subpoena. Examination and cross-examination of the witness shall be as at hearing. Depositions may be taken in the City of Richmond or in the town, city, or county in which the deposed person resides, is employed, or does business. The parties and the commission staff, by agreement, may designate another place for the taking of the deposition. Reasonable notice of the intent to take a deposition must be given in writing to the commission staff counsel and to each party to the action, stating the time and place where the deposition is to be taken. A deposition may be taken before any person (the "officer") authorized to administer oaths by the laws of the jurisdiction in which the deposition is to be taken. The officer shall certify his authorization in writing, administer the oath to the deponent, record or cause to be recorded the testimony given, and note any objections raised. In lieu of participating in the oral examination, a party or the commission staff may deliver sealed written questions to the officer, who shall propound the questions to the witness. The officer may terminate the deposition if convinced that the examination is being conducted in bad faith or in an unreasonable manner. Costs of the deposition shall be borne by the party noticing the deposition, unless otherwise ordered by the commission.

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

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Adopted: September 1, 1974
Revised: May 1, 1985 by Case No. CLK850262
Revised: August 1, 1986 by Case No. CLK860572 and Repealed June 1, 2001 by Case No. CLK000311
Adopted: June 1, 2001 by Case No. CLK000311
Revised: January 15, 2008 by Case No. CLK-2007-00005
Revised: February 24, 2009 by Case No. CLK-2008-00002

LEADING MATTERS DISPOSED OF BY FORMAL ORDERS

BUREAU OF FINANCIAL INSTITUTIONS

CASE NO. BAN20090531
MAY 12, 2010

APPLICATION OF
EZ LOANS OF VIRGINIA, INC.

For authority for an other business operator to conduct open-end auto title lending business from the licensee's payday lending offices

ORDER GRANTING OTHER BUSINESS AUTHORITY

EZ Loans of Virginia, Inc. ("Licensee"), a licensed payday lender, has applied to the State Corporation Commission ("Commission"), pursuant to 10 VAC 5-200-100 and § 6.1-463 of the Code of Virginia, for authority for an other business operator to conduct open-end auto title lending business from its payday lending offices. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the Bureau's report, the Commission finds that the application meets the criteria in 10 VAC 5-200-100 B.

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

1. The Licensee shall not make a payday loan to a borrower to enable the borrower to purchase or pay any amount owed in connection with the (i) goods or services sold, or (ii) loans offered, facilitated, or made, by the other business operator at the Licensee's payday lending offices.

2. The other business operator shall comply with all federal and state laws and regulations applicable to its other business, including any applicable licensing requirements.

3. The other business operator shall not use or cause to be published any advertisement or other information that contains any false, misleading, or deceptive statement or representation concerning its other business, including the rates, terms, or conditions of the products, services, or loans that it offers. The other business operator shall not make or cause to be made any misrepresentation as to (i) its being licensed to conduct the other business, or (ii) the extent to which it is subject to supervision or regulation.

4. The Licensee shall not make a payday loan or vary the terms of a payday loan on the condition or requirement that a person also (i) purchase a good or service from, or (ii) obtain a loan from or through, the other business operator. The other business operator shall not (a) sell its goods or services, (b) offer, facilitate, or make loans, or (c) vary the terms of its goods, services, or loans, on the condition or requirement that a person also obtain a payday loan from the Licensee.

5. The other business operator shall maintain books and records for its other business separate and apart from the Licensee's payday lending business and in a different location within the Licensee's payday lending offices. The Bureau shall be given access to all such books and records and be furnished with any information and records that it may require in order to determine compliance with all applicable conditions, laws, and regulations.

6. Any loan made by the other business operator pursuant to an open-end credit agreement shall be secured by a security interest in a motor vehicle, as defined in § 46.2-100 of the Code of Virginia.

7. The Licensee shall not make a payday loan to a person if (i) the person has an outstanding open-end loan from the other business operator, or (ii) on the same day the person repaid or satisfied in full an open-end loan from the other business operator.

8. The other business operator shall not make an open-end loan to a person pursuant to an open-end credit agreement if (i) the person has an outstanding payday loan from the Licensee, or (ii) on the same day the person repaid or satisfied in full a payday loan from the Licensee.

9. The other business operator and the Licensee shall not make an open-end loan and a payday loan contemporaneously or in response to a single request for a loan or credit.

10. The Licensee and other business operator shall provide each applicant for a payday loan or open-end credit plan with a separate disclosure, signed by the applicant, that clearly identifies all of the loan products available in the Licensee's payday lending offices along with the corresponding Annual Percentage Rate, interest rate, and other costs associated with each loan product.

11. Upon entering into an open-end credit plan secured by a borrower's motor vehicle, the other business operator shall record its security interest with the Department of Motor Vehicles and maintain adequate supporting documentation thereof in its loan file.

12. The other business operator shall not enter into an open-end credit plan secured by a prospective borrower's motor vehicle if the motor vehicle is already subject to a purchase money security interest or other outstanding lien. The other business operator shall maintain

adequate supporting documentation in its loan file that a borrower's motor vehicle was not subject to a purchase money security interest or other outstanding lien at the time the borrower entered into the open-end credit plan.

CASE NO. BAN-2009-00540
APRIL 8, 2010

APPLICATION OF
CHEQUE CASHING, INC. D/B/A ACE AMERICA'S CASH EXPRESS

For authority for an other business operator to conduct open-end auto title lending business from the licensee's payday lending office(s)

ORDER GRANTING OTHER BUSINESS AUTHORITY

Cheque Cashing, Inc. d/b/a Ace America's Cash Express ("Licensee"), a licensed payday lender, has applied to the State Corporation Commission ("Commission"), pursuant to 10 VAC 5-200-100 and § 6.1-463 of the Code of Virginia, for authority for an other business operator to conduct open-end auto title lending business from its payday lending office(s). The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the Bureau's report, the Commission finds that the application meets the criteria in 10 VAC 5-200-100 B.

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

1. The Licensee shall not make a payday loan to a borrower to enable the borrower to purchase or pay any amount owed in connection with the (i) goods or services sold, or (ii) loans offered, facilitated, or made, by the other business operator at the Licensee's payday lending office(s).

2. The other business operator shall comply with all federal and state laws and regulations applicable to its other business, including any applicable licensing requirements.

3. The other business operator shall not use or cause to be published any advertisement or other information that contains any false, misleading, or deceptive statement or representation concerning its other business, including the rates, terms, or conditions of the products, services, or loans that it offers. The other business operator shall not make or cause to be made any misrepresentation as to (i) its being licensed to conduct the other business, or (ii) the extent to which it is subject to supervision or regulation.

4. The Licensee shall not make a payday loan or vary the terms of a payday loan on the condition or requirement that a person also (i) purchase a good or service from, or (ii) obtain a loan from or through, the other business operator. The other business operator shall not (a) sell its goods or services, (b) offer, facilitate, or make loans, or (c) vary the terms of its goods, services, or loans, on the condition or requirement that a person also obtain a payday loan from the Licensee.

5. The other business operator shall maintain books and records for its other business separate and apart from the Licensee's payday lending business and in a different location within the Licensee's payday lending office(s). The Bureau shall be given access to all such books and records and be furnished with any information and records that it may require in order to determine compliance with all applicable conditions, laws, and regulations.

6. Any loan made by the other business operator pursuant to an open-end credit agreement shall be secured by a security interest in a motor vehicle, as defined in § 46.2-100 of the Code of Virginia.

7. The Licensee shall not make a payday loan to a person if (i) the person has an outstanding open-end loan from the other business operator, or (ii) on the same day the person repaid or satisfied in full an open-end loan from the other business operator.

8. The other business operator shall not make an open-end loan to a person pursuant to an open-end credit agreement if (i) the person has an outstanding payday loan from the Licensee, or (ii) on the same day the person repaid or satisfied in full a payday loan from the Licensee.

9. The other business operator and the Licensee shall not make an open-end loan and a payday loan contemporaneously or in response to a single request for a loan or credit.

10. The Licensee and other business operator shall provide each applicant for a payday loan or open-end credit plan with a separate disclosure, signed by the applicant, that clearly identifies all of the loan products available in the Licensee's payday lending offices along with the corresponding Annual Percentage Rate, interest rate, and other costs associated with each loan product.

11. Upon entering into an open-end credit plan secured by a borrower's motor vehicle, the other business operator shall record its security interest with the Department of Motor Vehicles and maintain adequate supporting documentation thereof in its loan file.

12. The other business operator shall not enter into an open-end credit plan secured by a prospective borrower's motor vehicle if the motor vehicle is already subject to a purchase money security interest or other outstanding lien. The other business operator shall maintain adequate supporting documentation in its loan file that a borrower's motor vehicle was not subject to a purchase money security interest or other outstanding lien at the time the borrower entered into the open-end credit plan.

CASE NO. BAN20091343
DECEMBER 20, 2010

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

For authority for an other business operator to conduct the business of tax preparation and electronic tax filing services from the licensee's payday lending offices

ORDER GRANTING OTHER BUSINESS AUTHORITY

Express Check Advance of Virginia, LLC d/b/a Express Check Advance ("Licensee"), a licensed payday lender, has applied to the State Corporation Commission ("Commission"), pursuant to 10 VAC 5-200-100 and § 6.2-1820 of the Code of Virginia, for authority for an other business operator to conduct the business of tax preparation and electronic tax filing services from the licensee's payday lending offices. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the Bureau's report, the Commission finds that the application meets the criteria in 10 VAC 5-200-100 B.

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

(1) The licensee shall not make a payday loan to a borrower to enable the borrower to purchase or pay any amount owed in connection with the (i) goods or services sold, or (ii) loans offered, facilitated, or made, by the other business operator at the licensee's payday lending offices.

(2) The other business operator shall comply with all federal and state laws and regulations applicable to its other business, including any applicable licensing requirements.

(3) The other business operator shall not use or cause to be published any advertisement or other information that contains any false, misleading, or deceptive statement or representation concerning its other business, including the rates, terms, or conditions of the products, services, or loans that it offers. The other business operator shall not make or cause to be made any misrepresentation as to (i) its being licensed to conduct the other business, or (ii) the extent to which it is subject to supervision or regulation.

(4) The licensee shall not make a payday loan or vary the terms of a payday loan on the condition or requirement that a person also (i) purchase a good or service from, or (ii) obtain a loan from or through, the other business operator. The other business operator shall not (a) sell its goods or services, (b) offer, facilitate, or make loans, or (c) vary the terms of its goods, services, or loans, on the condition or requirement that a person also obtain a payday loan from the licensee.

(5) The other business operator shall maintain books and records for its other business separate and apart from the licensee's payday lending business and in a different location within the licensee's payday lending offices. The Bureau shall be given access to all such books and records and be furnished with any information and records that it may require in order to determine compliance with all applicable conditions, laws, and regulations.

(6) The licensee shall not make, arrange, or broker a payday loan that is secured by an interest in a borrower's tax refund, or in whole or in part by (i) any other assignment of income payable to a borrower, or (ii) any assignment of an interest in a borrower's account at a depository institution. This condition shall not be construed to prohibit the licensee from making a payday loan that is secured solely by a check payable to the licensee drawn on a borrower's account at a depository institution.

(7) The other business operator shall not engage in the business of (i) accepting funds for transmission to the Internal Revenue Service or other government instrumentalities, or (ii) receiving tax refunds for delivery to individuals, unless licensed or exempt from licensing under Chapter 19 of Title 6.2 of the Code of Virginia.

CASE NO. BAN20091409
FEBRUARY 18, 2010

APPLICATION OF
FIRST MARKET BANK

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

ORDER GRANTING AUTHORITY

First Market Bank, a Virginia state-chartered bank, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.1-44 of the Code of Virginia, for a certificate of authority to conduct a banking and trust business following a merger with Union Bank and Trust Company, a Virginia state-chartered bank. Both banks are subsidiaries of Union Bankshares Corporation, a bank holding company based in Bowling Green, Virginia. First Market 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 resulting bank will be renamed "Union First Market Bank." The application was investigated by the Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that: (1) the provisions of law have been complied with; (2) the capital stock of the resulting bank will be $20,949,000, and its surplus will be not less than $297,749,000; (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 § 6.1-48 of the Code of Virginia; (5) the resulting bank will conduct a legitimate banking business; (6) the moral fitness, financial responsibility, and business qualifications of those named as officers and directors of the resulting bank are such as to command the confidence of the community; and (7) the deposits of the resulting bank will be insured by the Federal Deposit Insurance Corporation.

THEREFORE, a certificate of authority to conduct a banking and trust business is GRANTED to First Market 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 111 Virginia Street, Suite 200, City of Richmond, Virginia, and is authorized to maintain and operate, in addition to its current offices and facilities, all of the previously authorized office locations of Union Bank and Trust Company, as 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, Bureau of Financial Institutions, Tyler Building, 1300 East Main Street, Richmond, Virginia.

CASE NO. BAN20100368
JUNE 15, 2010

APPLICATION OF
GULFPORT FINANCIAL, L.L.C. D/B/A VIRGINIA CASH ADVANCE

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 payday lending offices

ORDER GRANTING OTHER BUSINESS AUTHORITY

Gulfport Financial, L.L.C. d/b/a Virginia Cash Advance ("Licensee"), a licensed payday lender, has applied to the State Corporation Commission ("Commission"), pursuant to 10 VAC 5-200-100 and § 6.1-463 of the Code of Virginia, for authority for an other business operator to conduct business as an authorized delegate or agent of a money order seller or money transmitter from its payday lending offices. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the Bureau's report, the Commission finds that the application meets the criteria in 10 VAC 5-200-100 B.

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

1. The Licensee shall not make a payday loan to a borrower to enable the borrower to purchase or pay any amount owed in connection with the (i) goods or services sold, or (ii) loans offered, facilitated, or made, by the other business operator at the Licensee's payday lending offices.

2. The other business operator shall comply with all federal and state laws and regulations applicable to its other business, including any applicable licensing requirements.

3. The other business operator shall not use or cause to be published any advertisement or other information that contains any false, misleading, or deceptive statement or representation concerning its other business, including the rates, terms, or conditions of the products, services, or loans that it offers. The other business operator shall not make or cause to be made any misrepresentation as to (i) its being licensed to conduct the other business, or (ii) the extent to which it is subject to supervision or regulation.

4. The Licensee shall not make a payday loan or vary the terms of a payday loan on the condition or requirement that a person also (i) purchase a good or service from, or (ii) obtain a loan from or through, the other business operator. The other business operator shall not (a) sell its goods or services, (b) offer, facilitate, or make loans, or (c) vary the terms of its goods, services, or loans, on the condition or requirement that a person also obtain a payday loan from the Licensee.

5. The other business operator shall maintain books and records for its other business separate and apart from the Licensee's payday lending business and in a different location within the Licensee's payday lending offices. The Bureau shall be given access to all such books and records and be furnished with any information and records that it may require in order to determine compliance with all applicable conditions, laws, and regulations.

6. The other business operator shall be and remain a party to a written agreement to act as an authorized delegate or agent of a person licensed or exempt from licensing as a money order seller or money transmitter under Chapter 12 of Title 6.1 of the Code of Virginia. The other business operator shall not engage in money order sales or money transmission services on its own behalf or on behalf of any person other than a licensed or exempt money order seller or money transmitter with whom it has a written agreement.

CASE NO. BAN20100379
DECEMBER 1, 2010

APPLICATION OF
CORDIA BANCORP INC.

To acquire control of Bank of Virginia

ORDER OF APPROVAL

Cordia Bancorp Inc., a Virginia corporation, has filed with the State Corporation Commission ("Commission") the application required by § 6.2-704 of the Code of Virginia to acquire control of Bank of Virginia, a Virginia state-chartered bank. The Bureau of Financial Institutions ("Bureau") investigated the proposed acquisition.

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in § 6.2-705 of the Code of Virginia.

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

CASE NO. BAN20100482
JULY 14, 2010

APPLICATION OF
ADVANCE FINANCIAL SERVICES, LLC

For authority to relocate an office

ORDER APPROVING RELOCATION OF AN OFFICE

Advance Financial Services, LLC, a licensed payday lender, has applied to the State Corporation Commission ("Commission"), pursuant to Chapter 18 of Title 6.1 of the Code of Virginia, for authority to relocate an office from 5501 Patterson Avenue, Suite 203, Richmond, Virginia 23220 to 621-623 N. 3rd Street, Richmond, Virginia 23219. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in § 6.1-451 of the Code of Virginia.

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

CASE NO. BAN20100514
AUGUST 27, 2010

APPLICATION OF
UNION FIRST MARKET BANK

For a certificate of authority to conduct a banking and trust business following a merger with Northern Neck State Bank and The Rappahannock National Bank of Washington and for authority to operate the authorized offices of the merging banks

ORDER GRANTING AUTHORITY

Union First Market Bank, a Virginia state-chartered bank, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.1-44 of the Code of Virginia, for a certificate of authority to conduct a banking and trust business following a merger with Northern Neck State Bank, a Virginia state-chartered bank, and The Rappahannock National Bank of Washington, a national bank headquartered in Virginia. All three banks are subsidiaries of Union First Market Bankshares Corporation, a multi-bank holding company based in Richmond, Virginia. Union First Market 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 Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that: (1) the provisions of law have been complied with; (2) the capital stock of the resulting bank will be $12,088,000, and its surplus will be not less than $404,003,000; (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 take and filed in accordance with the provisions of § 6.1-48 of the Code of Virginia; (5) the resulting bank will conduct a legitimate banking business; (6) the moral fitness, financial responsibility, and business qualifications of those named as officer and directors of the resulting bank are such as to command the confidence of the community; and (7) the deposits of the resulting bank will be insured by the Federal Deposit Insurance Corporation.

THEREFORE, a certificate of authority to conduct a banking and trust business is GRANTED to Union First Market 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 111 Virginia Street, Suite 200, City of Richmond, Virginia, and is authorized to maintain and operate, in addition to its current offices and facilities, the

offices of Northern Neck Bank and The Rappahannock National Bank of Washington 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, Bureau of Financial Institutions, Tyler Building, 1300 East Main Street, Richmond, Virginia.

CASE NO. BAN20100564
SEPTEMBER 29, 2010

APPLICATION OF
FAST AUTO LOANS, INC.

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

ORDER GRANTING A LICENSE

Fast Auto Loans, Inc., a Virginia corporation, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.1-483 of the Code of Virginia, for a license to engage in the business of making motor vehicle title loans at forty-one (41) locations (see attachment). The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 21 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED effective October 1, 2010, 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.

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

CASE NO. BAN20100565
OCTOBER 1, 2010

APPLICATION OF
FAST AUTO LOANS, INC.

For authority for an other business operator to conduct a consumer finance business from the licensee's motor vehicle title lending offices

ORDER GRANTING OTHER BUSINESS AUTHORITY

Fast Auto Loans, Inc., a licensed motor vehicle title lender, has applied to the State Corporation Commission ("Commission"), pursuant to10 VAC 5-120-70 and § 6.2-2215 (18) of the Code of Virginia, for authority for an other business operator to conduct a consumer finance business from the licensee's motor vehicle title lending offices. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the Bureau's report, the Commission finds that the application meets the criteria in 10 VAC 5-210-70 (B).

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

1. The Licensee shall not make a motor vehicle title loan to a borrower to enable the borrower to purchase or pay any amount owed in connection with the (i) goods or services sold, or (ii) loans offered, facilitated, or made, by the other business operator at the Licensee's motor vehicle title lending offices.

2. The other business operator shall comply with all federal and state laws and regulations applicable to its other business, including any applicable licensing requirements.

3. The other business operator shall not use or cause to be published any advertisement or other information that contains any false, misleading, or deceptive statement or representation concerning its other business, including the rates, terms, or conditions of the products, services, or loans that it offers. The other business operator shall not make or cause to be made any misrepresentation as to (i) its being licensed to conduct the other business or (ii) the extent to which it is subject to supervision or regulation.

4. The Licensee shall not make a motor vehicle title loan or vary the terms of a motor vehicle title loan on the condition or requirement that a person also (i) purchase a good or service from, or (ii) obtain a loan from or through, the other business operator. The other business operator shall not (a) sell its goods or services, (b) offer, facilitate, or make loans, or (c) vary the terms of its goods, services, or loans, on the condition or requirement that a person also obtain a motor vehicle title loan from the Licensee.

5. The other business operator shall maintain books and records for its other business separate and apart from the Licensee's motor vehicle title lending business and in a different location within the Licensee's motor vehicle title lending offices. The Bureau shall be given access to all

such books and records and be furnished with any information and records that it may require in order to determine compliance with all applicable conditions, laws, and regulations.

6. The Licensee shall not make a motor vehicle title loan to a person if (i) the person has an outstanding consumer finance loan from the other business operator or (ii) on the same day the person repaid or satisfied in full a consumer finance loan from the other business operator.

7. The other business operator shall not make a consumer finance loan to a person if (i) the person has an outstanding motor vehicle title loan from the Licensee or (ii) on the same day the person repaid or satisfied in full a motor vehicle title loan from the Licensee.

8. The Licensee and other business operator shall not make a motor vehicle title loan and a consumer finance loan contemporaneously or in response to a single request for a loan or credit.

9. The Licensee and other business operator shall provide each applicant for a motor vehicle title loan or consumer finance loan with a separate disclosure, signed by the applicant, that clearly identifies all of the loan products available in the Licensee's motor vehicle title lending offices along with the corresponding Annual Percentage Rate, interest rate, and other costs associated with each loan product. The disclosure shall also identify the collateral, if any, that will be used to secure repayment of each loan product.

CASE NO. BAN20100566
AUGUST 16, 2010

APPLICATION OF
JEFFREY T. VALCOURT,
JNV LIMITED PARTNERSHIP II,
and
JNV LIMITED PARTNERSHIP III

To acquire control of United Financial Banking Companies, Inc.

ORDER OF APPROVAL

Jeffrey T. Valcourt, JNV Limited Partnership II, and JNV Limited Partnership III, acting as a group, have jointly filed with the State Corporation Commission ("Commission") the application required by § 6.1-383.1 of the Code of Virginia to acquire control of United Financial Banking Companies, Inc., a Virginia bank holding company. The Bureau of Financial Institutions ("Bureau") investigated the proposed acquisition.

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

THEREFORE, the proposed acquisition of United Financial Banking Companies, Inc. by Jeffrey T. Valcourt, JNV Limited Partnership II, and JNV Limited Partnership III is APPROVED, provided the acquisition takes place within one (1) year from the date of this Order and the applicants notify the Bureau of the effective date of the transaction within ten (10) days thereof.

CASE NO. BAN20100583
SEPTEMBER 30, 2010

APPLICATION OF
ANDERSON FINANCIAL SERVICES, LLC LOANMAX
(USED IN VIRGINIA BY: ANDERSON FINANCIAL SERVICES, LLC) D/B/A LOANMAX

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

ORDER GRANTING A LICENSE

Anderson Financial Services, LLC LoanMax (Used in Virginia by: Anderson Financial Services, LLC) d/b/a LoanMax, an Idaho limited liability company, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.1-483 of the Code of Virginia, for a license to engage in the business of making motor vehicle title loans at fifty-one (51) locations (see attachment). The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 21 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED effective October 1, 2010, 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.

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

CASE NO. BAN20100584
SEPTEMBER 30, 2010

APPLICATION OF
KIPLING FINANCIAL SERVICES, LLC D/B/A MONEYMAX TITLE LOANS

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

ORDER GRANTING A LICENSE

Kipling Financial Services, LLC d/b/a MoneyMax Title Loans, a Georgia limited liability company, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.1-483 of the Code of Virginia, for a license to engage in the business of making motor vehicle title loans at the following locations: (1) 569 Piney Forest Drive, Danville, Virginia 24540; and (2) 1122 W. Main Street, Salem, Virginia 24153. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 21 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED effective October 1, 2010, 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. BAN20100585
SEPTEMBER 29, 2010

APPLICATION OF
LOANSMART, LLC

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

ORDER GRANTING A LICENSE

LoanSmart, LLC, a Virginia limited liability company, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.1-483 of the Code of Virginia, for a license to engage in the business of making motor vehicle title loans at the following locations: (1) 4209 East Indian River Road, Chesapeake, Virginia 23325; (2) 4651 Melrose Avenue N.W., Roanoke, Virginia 24017; (3) 503 E. Laburnum Avenue, Richmond, Virginia 23222; (4) 11201 Jefferson Avenue, Newport News, Virginia 23601; (5) 10053 Greensboro Road, Ridgeway, Virginia 24148; (6) 398 Denbigh Boulevard, Newport News, Virginia 23608; (7) 6116 Jefferson Avenue, Newport News, Virginia 23605; (8) 2641 Valley Avenue, Winchester, Virginia 22601; and (9) 7816 N. Military Highway, Norfolk, Virginia 23518. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 21 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED effective October 1, 2010, 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. BAN20100628
SEPTEMBER 24, 2010

CAPGEN CAPITAL GROUP VI LP
and
CAPGEN CAPITAL GROUP VI LLC

To acquire control of Hampton Roads Bankshares, Inc.

ORDER OF APPROVAL

CapGen Capital Group VI LP, a Delaware limited partnership, and CapGen Capital Group VI LLC, a Delaware limited liability company, have jointly filed with the State Corporation Commission ("Commission") the application required by § 6.1-383.1 of the Code of Virginia to acquire control of Hampton Roads Bankshares, Inc., a Virginia bank holding company. The Bureau of Financial Institutions ("Bureau") investigated the proposed acquisition.

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

THEREFORE, the proposed acquisition of Hampton Roads Bankshares, Inc. by CapGen Capital Group VI LP and CapGen Capital Group VI LLC is APPROVED, provided the acquisition takes place within one (1) year from the date of this Order and the applicants notify the Bureau of the effective date of the transaction within ten (10) days thereof.

CASE NO. BAN20100655
OCTOBER 29, 2010

APPLICATION OF
BROOKE ENTERPRISES, INC. D/B/A CASH TODAY

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

ORDER GRANTING A LICENSE

Brooke Enterprises, Inc. d/b/a Cash Today, a Virginia corporation, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.2-2203 of the Code of Virginia, for a license to engage in the business of making motor vehicle title loans at the following locations: (1) 151 Plaza Road SW, Wise, Virginia 24293; and (2) 282 Westgate Mall Circle, Suite 118, Pennington Gap, Virginia 24277. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the bureau, the commission finds that the application meets the criteria in Chapter 22 of Title 6.2 of the Code of Virginia.

Therefore, the license requested in the application is granted provided that the applicant begins business within one (1) year from 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. BAN20100668
OCTOBER 29, 2010

APPLICATION OF
JUSTIN ENTERPRISES, INC. D/B/A CASH TO PAYDAY

For authority for an other business operator to conduct a payday lending business from the licensee's motor vehicle title lending offices

ORDER GRANTING OTHER BUSINESS AUTHORITY

Justin Enterprises, Inc. d/b/a Cash To Payday, a licensed motor vehicle title lender, has applied to the State Corporation Commission ("Commission"), pursuant to 10 VAC 5-210-70 and § 6.2-2215 (18) of the Code of Virginia, for authority for an other business operator to conduct a payday lending business from the Licensee's motor vehicle title lending offices. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the Bureau's report, the Commission finds that the application meets the criteria in 10 VAC 5-210-70 B.

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

1. The Licensee shall not make a motor vehicle title loan to a borrower to enable the borrower to purchase or pay any amount owed in connection with the (i) goods or services sold, or (ii) loans offered, facilitated, or made, by the other business operator at the Licensee's motor vehicle title lending offices.

2. The other business operator shall comply with all federal and state laws and regulations applicable to its other business, including any applicable licensing requirements.

3. The other business operator shall not use or cause to be published any advertisement or other information that contains any false, misleading, or deceptive statement or representation concerning its other business, including the rates, terms, or conditions of the products, services, or loans that it offers. The other business operator shall not make or cause to be made any misrepresentation as to (i) its being licensed to conduct the other business or (ii) the extent to which it is subject to supervision or regulation.

4. The Licensee shall not make a motor vehicle title loan or vary the terms of a motor vehicle title loan on the condition or requirement that a person also (i) purchase a good or service from, or (ii) obtain a loan from or through, the other business operator. The other business operator shall not (a) sell its goods or services, (b) offer, facilitate, or make loans, or (c) vary the terms of its goods, services, or loans, on the condition or requirement that a person also obtain a motor vehicle title loan from the Licensee.

5. The other business operator shall maintain books and records for its other business separate and apart from the Licensee's motor vehicle title lending business and in a different location within the Licensee's motor vehicle title lending offices. The Bureau shall be given access to all such books and records and be furnished with any information and records that it may require in order to determine compliance with all applicable conditions, laws, and regulations.

6. The Licensee shall not make a motor vehicle title loan to a person if (i) the person has an outstanding payday loan from the other business operator or (ii) on the same day the person repaid or satisfied in full a payday loan from the other business operator.

7. The other business operator shall not make a payday loan to a person if (i) the person has an outstanding motor vehicle title loan from the Licensee or (ii) on the same day the person repaid or satisfied in full a motor vehicle title loan from the Licensee.

8. The other business operator and the Licensee shall not make a payday loan and a motor vehicle title loan contemporaneously or in response to a single request for a loan or credit.

9. The Licensee and other business operator shall provide each applicant for a motor vehicle title loan or payday loan with a separate disclosure, signed by the applicant, that clearly identifies all of the loan products available in the Licensee's motor vehicle title lending offices along with the corresponding Annual Percentage Rate, interest rate, and other costs associated with each loan product. The disclosure shall also identify the collateral, if any, that will be used to secure repayment of each loan product.

CASE NO. BAN20100669
OCTOBER 29, 2010

APPLICATION OF
JUSTIN ENTERPRISES, INC. D/B/A CASH TO PAYDAY

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

ORDER GRANTING A LICENSE

Justin Enterprises, Inc. d/b/a Cash To Payday, a Virginia corporation, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.2-2203 of the Code of Virginia, for a license to engage in the business of making motor vehicle title loans at the following locations: (1) 16266 Fancy Gap Highway, Cana, Virginia 24317; (2) 525 Commerce Drive, Bluefield, Virginia 24605; and (3) 650 East Main Street, Suite A, Wytheville, Virginia 24382. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 22 of Title 6.2 of the Code of Virginia.

Therefore, the license requested in the application is granted provided that the applicant begins business within one (1) year from 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. BAN20100673
OCTOBER 27, 2010

APPLICATION OF
CNC FINANCIAL SERVICES, INC. D/B/A CASH-N-A-FLASH

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

ORDER GRANTING A LICENSE

CNC Financial Services, Inc. d/b/a Cash-N-A-Flash, a Virginia Corporation, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.2-2203 of the Code of Virginia, for a license to engage in the business of making motor vehicle title loans at 52 West Mercury Boulevard, Hampton, Virginia 23669. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 22 of Title 6.2 of the Code of Virginia.

Therefore, the license requested in the application is GRANTED provided that the applicant begins business within one (1) year from 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. BAN20100685
NOVEMBER 16, 2010

APPLICATION OF
CREDITCORP OF VIRGINIA, LLC D/B/A CHECK INTO CASH

For authority for an other business operator to conduct business as an agent of a money order seller or money transmitter from the licensee's motor vehicle title lending offices

ORDER GRANTING OTHER BUSINESS AUTHORITY

Creditcorp of Virginia, LLC d/b/a Check into Cash, a licensed motor vehicle title lender, has applied to the State Corporation Commission ("Commission"), pursuant to 10 VAC 5-210-70 and § 6.2-2215 (18) of the Code of Virginia, for authority for an other business operator to conduct business as an agent of a money order seller or money transmitter from the licensee's motor vehicle title lending offices. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the bureau's report, the commission finds that the application meets the criteria in 10 VAC 5-210-70 B.

Therefore, the authority requested in the application is granted subject to the following conditions:

1. The licensee shall not make a motor vehicle title loan to a borrower to enable the borrower to purchase or pay any amount owed in connection with the (i) goods or services sold, or (ii) loans offered, facilitated, or made, by the other business operator at the licensee's motor vehicle title lending offices.

2. The other business operator shall comply with all federal and state laws and regulations applicable to its other business, including any applicable licensing requirements.

3. The other business operator shall not use or cause to be published any advertisement or other information that contains any false, misleading, or deceptive statement or representation concerning its other business, including the rates, terms, or conditions of the products, services, or loans that it offers. The other business operator shall not make or cause to be made any misrepresentation as to (i) its being licensed to conduct the other business or (ii) the extent to which it is subject to supervision or regulation.

4. The Licensee shall not make a motor vehicle title loan or vary the terms of a motor vehicle title loan on the condition or requirement that a person also (i) purchase a good or service from, or (ii) obtain a loan from or through, the other business operator. The other business operator shall not (a) sell its goods or services, (b) offer, facilitate, or make loans, or (c) vary the terms of its goods, services, or loans, on the condition or requirement that a person also obtain a motor vehicle title loan from the Licensee.

5. The other business operator shall maintain books and records for its other business separate and apart from the Licensee's motor vehicle title lending business and in a different location within the Licensee's motor vehicle title lending offices. The Bureau shall be given access to all such books and records and be furnished with any information and records that it may require in order to determine compliance with all applicable conditions, laws, and regulations.

6. The other business operator shall be and remain a party to a written agreement to act as an authorized delegate or agent of a person licensed or exempt from licensing as a money order seller or money transmitter under Chapter 19 (§ 6.2-1900 et seq.) of Title 6.2 of the Code of Virginia. The other business operator shall not engage in money order sales or money transmission services on its own behalf or on behalf of any person other than a licensed or exempt money order seller or money transmitter with whom it has a written agreement.

CASE NO. BAN20100686
NOVEMBER 16, 2010

APPLICATION OF
CREDITCORP OF VIRGINIA, LLC D/B/A CHECK INTO CASH

For authority for an other business operator to facilitate third party tax preparation and electronic tax filing services business from the licensee's motor vehicle title lending offices

ORDER GRANTING OTHER BUSINESS AUTHORITY

Creditcorp of Virginia, LLC d/b/a Check into Cash, a licensed motor vehicle title lender, has applied to the State Corporation Commission ("Commission"), pursuant to 10 VAC 5-210-70 and § 6.2-2215 (18) of the Code of Virginia, for authority for an other business operator to facilitate third party tax preparation and electronic tax filing services business from the Licensee's motor vehicle title lending offices. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the Bureau's report, the Commission finds that the application meets the criteria in 10 VAC 5-210-70 B.

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

1. The Licensee shall not make a motor vehicle title loan to a borrower to enable the borrower to purchase or pay any amount owed in connection with the (i) goods or services sold, or (ii) loans offered, facilitated, or made, by the other business operator at the Licensee's motor vehicle title lending offices.

2. The other business operator shall comply with all federal and state laws and regulations applicable to its other business, including any applicable licensing requirements.

3. The other business operator shall not use or cause to be published any advertisement or other information that contains any false, misleading, or deceptive statement or representation concerning its other business, including the rates, terms, or conditions of the products, services, or loans that it offers. The other business operator shall not make or cause to be made any misrepresentation as to (i) its being licensed to conduct the other business or (ii) the extent to which it is subject to supervision or regulation.

4. The Licensee shall not make a motor vehicle title loan or vary the terms of a motor vehicle title loan on the condition or requirement that a person also (i) purchase a good or service from, or (ii) obtain a loan from or through, the other business operator. The other business operator shall not (a) sell its goods or services, (b) offer, facilitate, or make loans, or (c) vary the terms of its goods, services, or loans, on the condition or requirement that a person also obtain a motor vehicle title loan from the Licensee.

5. The other business operator shall maintain books and records for its other business separate and apart from the Licensee's motor vehicle title lending business and in a different location within the Licensee's motor vehicle title lending offices. The Bureau shall be given access to all such books and records and be furnished with any information and records that it may require in order to determine compliance with all applicable conditions, laws, and regulations.

6. The Licensee shall not make, arrange, or broker a motor vehicle title loan that is secured by (i) an interest in a borrower's tax refund, (ii) an assignment of income payable to a borrower, or (iii) an assignment of an interest in a borrower's account at a depository institution.

7. The other business operator shall not engage in the business of (i) accepting funds for transmission to the Internal Revenue Service or other government instrumentalities, or (ii) receiving tax refunds for delivery to individuals, unless licensed or exempt from licensing under Chapter 19 (§ 6.2-1900 et seq.) of Title 6.2 of the Code of Virginia.

CASE NO. BAN20100688
NOVEMBER 16, 2010

APPLICATION OF
CREDITCORP OF VIRGINIA, LLC D/B/A CHECK INTO CASH

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

ORDER GRANTING A LICENSE

Creditcorp of Virginia, LLC d/b/a Check into Cash, a Delaware 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 forty four (44) locations (see attachment). The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 22 of Title 6.2 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED provided that the applicant begins business within one (1) year from 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. BAN20100756
NOVEMBER 16, 2010

APPLICATION OF
CASH-2-U FINANCIAL SERVICES OF VIRGINIA, LLC D/B/A CASH-2-U TITLE LOANS

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

ORDER GRANTING A LICENSE

Cash-2-U Financial Services of Virginia, LLC d/b/a Cash-2-U Title Loans, 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 eighteen (18) locations (see attachment). The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 22 of Title 6.2 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED provided that the applicant begins business within one (1) year from 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. BAN20100756
NOVEMBER 16, 2010

APPLICATION OF
CASH-2-U FINANCIAL SERVICES OF VIRGINIA, LLC D/B/A CASH-2-U TITLE LOANS

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

CORRECTING AND LICENSE REISSUANCE ORDER

On November 16, 2010, the State Corporation Commission ("Commission") entered an Order in this case granting Cash-2-U Financial Services of Virginia, LLC d/b/a Cash-2-U Title Loans ("Company") authority to engage in the business of making motor vehicle title loans at eighteen (18) locations pursuant to Chapter 22 of Title 6.2 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, and that the company has subsequently requested reissuance of its license certificate.

THEREFORE, IT IS ORDERED THAT:

(1) The reference to the ninth office location in the Order granting a license to engage in the business of making motor vehicle title loans entered on November 16, 2010, is hereby corrected nunc pro tunc to that date, to read "1330 S. Main Street, Blackstone, Virginia 23824" rather than "1300 S. Main Street, Blackstone, Virginia 23824";

(2) All other provisions of the Order granting a license to engage in the business of making motor vehicle title loans entered on November 16, 2010 shall remain in full force and effect; and

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

CASE NO. BAN20100757
NOVEMBER 12, 2010

APPLICATION OF
CASH-2-U FINANCIAL SERVICES OF VIRGINIA, LLC D/B/A CASH-2-U TITLE LOANS

For authority for an other business operator to conduct a payday lending business from the licensee's motor vehicle title lending offices

ORDER GRANTING OTHER BUSINESS AUTHORITY

Cash-2-U Financial Services of Virginia, LLC d/b/a Cash-2-U Title Loans ("Licensee"), a licensed motor vehicle title lender, has applied to the State Corporation Commission ("Commission"), pursuant to 10 VAC 5-210-70 and § 6.2-2215 (18) of the Code of Virginia, for authority for an other business operator to conduct a payday lending business from the Licensee's motor vehicle title lending offices. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the Bureau's report, the Commission finds that the application meets the criteria in 10 VAC 5-210-70 B.

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

1. The Licensee shall not make a motor vehicle title loan to a borrower to enable the borrower to purchase or pay any amount owed in connection with the (i) goods or services sold, or (ii) loans offered, facilitated, or made, by the other business operator at the Licensee's motor vehicle title lending offices.

2. The other business operator shall comply with all federal and state laws and regulations applicable to its other business, including any applicable licensing requirements.

3. The other business operator shall not use or cause to be published any advertisement or other information that contains any false, misleading, or deceptive statement or representation concerning its other business, including the rates, terms, or conditions of the products, services, or loans that it offers. The other business operator shall not make or cause to be made any misrepresentation as to (i) its being licensed to conduct the other business or (ii) the extent to which it is subject to supervision or regulation.

4. The Licensee shall not make a motor vehicle title loan or vary the terms of a motor vehicle title loan on the condition or requirement that a person also (i) purchase a good or service from, or (ii) obtain a loan from or through, the other business operator. The other business operator shall not (a) sell its goods or services, (b) offer, facilitate, or make loans, or (c) vary the terms of its goods, services, or loans, on the condition or requirement that a person also obtain a motor vehicle title loan from the Licensee.

5. The other business operator shall maintain books and records for its other business separate and apart from the Licensee's motor vehicle title lending business and in a different location within the Licensee's motor vehicle title lending offices. The Bureau shall be given access to all such books and records and be furnished with any information and records that it may require in order to determine compliance with all applicable conditions, laws, and regulations.

6. The Licensee shall not make a motor vehicle title loan to a person if (i) the person has an outstanding payday loan from the other business operator or (ii) on the same day the person repaid or satisfied in full a payday loan from the other business operator.

7. The other business operator shall not make a payday loan to a person if (i) the person has an outstanding motor vehicle title loan from the Licensee or (ii) on the same day the person repaid or satisfied in full a motor vehicle title loan from the Licensee.

8. The other business operator and the Licensee shall not make a payday loan and a motor vehicle title loan contemporaneously or in response to a single request for a loan or credit.

9. The Licensee and other business operator shall provide each applicant for a motor vehicle title loan or payday loan with a separate disclosure, signed by the applicant, that clearly identifies all of the loan products available in the Licensee's motor vehicle title lending offices along with the corresponding Annual Percentage Rate, interest rate, and other costs associated with each loan product. The disclosure shall also identify the collateral, if any, that will be used to secure repayment of each loan product.

CASE NO. BAN20100758
NOVEMBER 16, 2010

APPLICATION OF
CASH-2-U FINANCIAL SERVICES OF VIRGINIA, LLC D/B/A CASH-2-U TITLE LOANS

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

ORDER GRANTING OTHER BUSINESS AUTHORITY

Cash-2-U Financial Services of Virginia, LLC d/b/a Cash-2-U Title Loans ("Licensee"), a licensed motor vehicle title lender, has applied to the State Corporation Commission ("Commission"), pursuant to 10 VAC 5-210-70 and § 6.2-2215 (18) of the Code of Virginia, 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. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the Bureau's report, the Commission finds that the application meets the criteria in 10 VAC 5-210-70 B.

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

1. The Licensee shall not make a motor vehicle title loan to a borrower to enable the borrower to purchase or pay any amount owed in connection with the (i) goods or services sold, or (ii) loans offered, facilitated, or made, by the other business operator at the Licensee's motor vehicle title lending offices.

2. The other business operator shall comply with all federal and state laws and regulations applicable to its other business, including any applicable licensing requirements.

3. The other business operator shall not use or cause to be published any advertisement or other information that contains any false, misleading, or deceptive statement or representation concerning its other business, including the rates, terms, or conditions of the products, services, or loans that it offers. The other business operator shall not make or cause to be made any misrepresentation as to (i) its being licensed to conduct the other business or (ii) the extent to which it is subject to supervision or regulation.

4. The Licensee shall not make a motor vehicle title loan or vary the terms of a motor vehicle title loan on the condition or requirement that a person also (i) purchase a good or service from, or (ii) obtain a loan from or through, the other business operator. The other business operator shall not (a) sell its goods or services, (b) offer, facilitate, or make loans, or (c) vary the terms of its goods, services, or loans, on the condition or requirement that a person also obtain a motor vehicle title loan from the Licensee.

5. The other business operator shall maintain books and records for its other business separate and apart from the Licensee's motor vehicle title lending business and in a different location within the Licensee's motor vehicle title lending offices. The Bureau shall be given access to all such books and records and be furnished with any information and records that it may require in order to determine compliance with all applicable conditions, laws, and regulations.

6. The other business operator shall be and remain a party to a written agreement to act as an authorized delegate or agent of a person licensed or exempt from licensing as a money order seller or money transmitter under Chapter 19 (§ 6.2-1900 et seq.) of Title 6.2 of the Code of Virginia. The other business operator shall not engage in money order sales or money transmission services on its own behalf or on behalf of any person other than a licensed or exempt money order seller or money transmitter with whom it has a written agreement.

CASE NO. BAN20100762
DECEMBER 22, 2010

APPLICATION OF
EXPRESS CHECK ADVANCE OF VIRGINIA, LLC

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

ORDER GRANTING A LICENSE

Express Check Advance of Virginia, LLC, a Tennessee corporation, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.2-2203 of the Code of Virginia, for a license to engage in the business of making motor vehicle title loans at sixteen (16) locations (see attachment). The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the bureau, the commission finds that the application meets the criteria in Chapter 22 of Title 6.2 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED provided that the applicant begins business within one (1) year from 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.

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

CASE NO. BAN20100763
DECEMBER 27, 2010

APPLICATION OF
EXPRESS CHECK ADVANCE OF VIRGINIA, LLC

For authority for an other business operator to conduct a payday lending business from the licensee's motor vehicle title lending offices

ORDER GRANTING OTHER BUSINESS AUTHORITY

Express Check Advance of Virginia, LLC, a licensed motor vehicle title lender, has applied to the State Corporation Commission ("Commission"), pursuant to 10 VAC 5-210-70 and § 6.2-2215 (18) of the Code of Virginia, for authority for an other business operator to conduct a payday lending business from the licensee's motor vehicle title lending offices. the application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the Bureau's report, the Commission finds that the application meets the criteria in 10 VAC 5-210-70 B.

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

1. The Licensee shall not make a motor vehicle title loan to a borrower to enable the borrower to purchase or pay any amount owed in connection with the (i) goods or services sold, or (ii) loans offered, facilitated, or made, by the other business operator at the licensee's motor vehicle title lending offices.

2. The other business operator shall comply with all federal and state laws and regulations applicable to its other business, including any applicable licensing requirements.

3. The other business operator shall not use or cause to be published any advertisement or other information that contains any false, misleading, or deceptive statement or representation concerning its other business, including the rates, terms, or conditions of the products, services, or loans that it offers. The other business operator shall not make or cause to be made any misrepresentation as to (i) its being licensed to conduct the other business or (ii) the extent to which it is subject to supervision or regulation.

4. The Licensee shall not make a motor vehicle title loan or vary the terms of a motor vehicle title loan on the condition or requirement that a person also (i) purchase a good or service from, or (ii) obtain a loan from or through, the other business operator. The other business operator shall not (a) sell its goods or services, (b) offer, facilitate, or make loans, or (c) vary the terms of its goods, services, or loans, on the condition or requirement that a person also obtain a motor vehicle title loan from the Licensee.

5. The other business operator shall maintain books and records for its other business separate and apart from the Licensee's motor vehicle title lending business and in a different location within the Licensee's motor vehicle title lending offices. The Bureau shall be given access to all such books and records and be furnished with any information and records that it may require in order to determine compliance with all applicable conditions, laws, and regulations.

6. The Licensee shall not make a motor vehicle title loan to a person if (i) the person has an outstanding payday loan from the other business operator or (ii) on the same day the person repaid or satisfied in full a payday loan from the other business operator.

7. The other business operator shall not make a payday loan to a person if (i) the person has an outstanding motor vehicle title loan from the Licensee or (ii) on the same day the person repaid or satisfied in full a motor vehicle title loan from the Licensee.

8. The other business operator and the Licensee shall not make a payday loan and a motor vehicle title loan contemporaneously or in response to a single request for a loan or credit.

9. The Licensee and other business operator shall provide each applicant for a motor vehicle title loan or payday loan with a separate disclosure, signed by the applicant, that clearly identifies all of the loan products available in the Licensee's motor vehicle title lending offices along with the corresponding Annual Percentage Rate, interest rate, and other costs associated with each loan product. The disclosure shall also identify the collateral, if any, that will be used to secure repayment of each loan product.

CASE NO. BAN20100769
NOVEMBER 16, 2010

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

For authority for an other business operator to conduct a motor vehicle title lending business from the licensee's payday lending offices

ORDER GRANTING OTHER BUSINESS AUTHORITY

F & L Marketing Enterprises LLC d/b/a Cash-2-U Payday Loans ("Licensee"), a licensed payday lender, has applied to the State Corporation Commission ("Commission"), pursuant to 10 VAC 5-200-100 and § 6.2-1820 of the Code of Virginia, for authority for an other business operator to conduct a motor vehicle title lending business from its payday lending offices. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the Bureau's report, the Commission finds that the application meets the criteria in 10 VAC 5-200-100 B.

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

1. The Licensee shall not make a payday loan to a borrower to enable the borrower to purchase or pay any amount owed in connection with the (i) goods or services sold, or (ii) loans offered, facilitated, or made, by the other business operator at the Licensee's payday lending offices.

2. The other business operator shall comply with all federal and state laws and regulations applicable to its other business, including any applicable licensing requirements.

3. The other business operator shall not use or cause to be published any advertisement or other information that contains any false, misleading, or deceptive statement or representation concerning its other business, including the rates, terms, or conditions of the products, services, or loans that it offers. The other business operator shall not make or cause to be made any misrepresentation as to (i) its being licensed to conduct the other business, or (ii) the extent to which it is subject to supervision or regulation.

4. The Licensee shall not make a payday loan or vary the terms of a payday loan on the condition or requirement that a person also (i) purchase a good or service from, or (ii) obtain a loan from or through, the other business operator. The other business operator shall not (a) sell its goods or services, (b) offer, facilitate, or make loans, or (c) vary the terms of its goods, services, or loans, on the condition or requirement that a person also obtain a payday loan from the Licensee.

5. The other business operator shall maintain books and records for its other business separate and apart from the Licensee's payday lending business and in a different location within the Licensee's payday lending offices. The Bureau shall be given access to all such books and records and be furnished with any information and records that it may require in order to determine compliance with all applicable conditions, laws, and regulations.

6. The other business operator shall be licensed or exempt from licensing under Chapter 22 (§ 6.2-2200 et seq.) of Title 6.2 of the Code of Virginia.

7. The Licensee shall not make a payday loan to a person if (i) the person has an outstanding motor vehicle title loan from the other business operator, or (ii) on the same day the person repaid or satisfied in full a motor vehicle title loan from the other business operator.

8. The other business operator shall not make a motor vehicle title loan to a person if (i) the person has an outstanding payday loan from the Licensee, or (ii) on the same day the person repaid or satisfied in full a payday loan from the Licensee.

9. The other business operator and the Licensee shall not make a motor vehicle title loan and a payday loan contemporaneously or in response to a single request for a loan or credit.

10. The Licensee and other business operator shall provide each applicant for a payday loan or motor vehicle title loan with a separate disclosure, signed by the applicant, that clearly identifies all of the loan products available in the Licensee's payday lending offices along with the corresponding Annual Percentage Rate, interest rate, and other costs associated with each loan product. The disclosure shall also identify the collateral, if any, that will be used to secure repayment of each loan product.

CASE NO. BAN20100779
DECEMBER 2, 2010

APPLICATION OF
DOMINION MANAGEMENT SERVICES, INC, D/B/A CASHPOINT

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

ORDER GRANTING A LICENSE

Dominion Management Services, Inc. d/b/a CashPoint, a Virginia corporation, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.2-2203 of the Code of Virginia, for a license to engage in the business of making motor vehicle title loans at fourteen (14) locations (see attachment). The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 22 of Title 6.2 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED provided that the applicant begins business within one (1) year from 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.

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

CASE NO. BAN20100788
DECEMBER 27, 2010

APPLICATION OF
EXPRESS CHECK ADVANCE OF VIRGINIA, 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

ORDER GRANTING OTHER BUSINESS AUTHORITY

Express Check Advance of Virginia, LLC, a licensed motor vehicle title lender, has applied to the State Corporation Commission ("Commission"), pursuant to 10 VAC 5-210-70 and § 6.2-2215 (18) of the Code of Virginia, 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. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the Bureau's report, the Commission finds that the application meets the criteria in 10 VAC 5-210-70 b.

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

1. The Licensee shall not make a motor vehicle title loan to a borrower to enable the borrower to purchase or pay any amount owed in connection with the (i) goods or services sold, or (ii) loans offered, facilitated, or made, by the other business operator at the licensee's motor vehicle title lending offices.

2. The other business operator shall comply with all federal and state laws and regulations applicable to its other business, including any applicable licensing requirements.

3. The other business operator shall not use or cause to be published any advertisement or other information that contains any false, misleading, or deceptive statement or representation concerning its other business, including the rates, terms, or conditions of the products, services, or loans that it offers. The other business operator shall not make or cause to be made any misrepresentation as to (i) its being licensed to conduct the other business or (ii) the extent to which it is subject to supervision or regulation.

4. The Licensee shall not make a motor vehicle title loan or vary the terms of a motor vehicle title loan on the condition or requirement that a person also (i) purchase a good or service from, or (ii) obtain a loan from or through, the other business operator. The other business operator shall not (a) sell its goods or services, (b) offer, facilitate, or make loans, or (c) vary the terms of its goods, services, or loans, on the condition or requirement that a person also obtain a motor vehicle title loan from the Licensee.

5. The other business operator shall maintain books and records for its other business separate and apart from the Licensee's motor vehicle title lending business and in a different location within the Licensee's motor vehicle title lending offices. The Bureau shall be given access to all such books and records and be furnished with any information and records that it may require in order to determine compliance with all applicable conditions, laws, and regulations.

6. The other business operator shall be and remain a party to a written agreement to act as an authorized delegate or agent of a person licensed or exempt from licensing as a money order seller or money transmitter under Chapter 19 (§ 6.2-1900 et seq.) of Title 6.2 of the Code of Virginia. The other business operator shall not engage in money order sales or money transmission services on its own behalf or on behalf of any person other than a licensed or exempt money order seller or money transmitter with whom it has a written agreement.

CASE NO. BAN20100789
DECEMBER 27, 2010

APPLICATION OF
EXPRESS CHECK ADVANCE OF VIRGINIA, LLC

For authority for an other business operator to conduct the business of tax preparation and electronic tax filing services from the licensee's motor vehicle title lending offices

ORDER GRANTING OTHER BUSINESS AUTHORITY

Express Check Advance of Virginia, LLC, a licensed motor vehicle title lender, has applied to the State Corporation Commission ("Commission"), pursuant to 10 VAC 5-210-70 and § 6.2-2215 (18) of the Code of Virginia, for authority for an other business operator to conduct the business of tax preparation and electronic tax filing services from the licensee's motor vehicle title lending offices. the application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the Bureau's report, the Commission finds that the application meets the criteria in 10 VAC 5-210-70 b.

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

1. The licensee shall not make a motor vehicle title loan to a borrower to enable the borrower to purchase or pay any amount owed in connection with the (i) goods or services sold, or (ii) loans offered, facilitated, or made, by the other business operator at the licensee's motor vehicle title lending offices.

2. The other business operator shall comply with all federal and state laws and regulations applicable to its other business, including any applicable licensing requirements.

3. The other business operator shall not use or cause to be published any advertisement or other information that contains any false, misleading, or deceptive statement or representation concerning its other business, including the rates, terms, or conditions of the products, services, or loans that it offers. The other business operator shall not make or cause to be made any misrepresentation as to (i) its being licensed to conduct the other business or (ii) the extent to which it is subject to supervision or regulation.

4. The Licensee shall not make a motor vehicle title loan or vary the terms of a motor vehicle title loan on the condition or requirement that a person also (i) purchase a good or service from, or (ii) obtain a loan from or through, the other business operator. The other business operator shall not (a) sell its goods or services, (b) offer, facilitate, or make loans, or (c) vary the terms of its goods, services, or loans, on the condition or requirement that a person also obtain a motor vehicle title loan from the Licensee.

5. The other business operator shall maintain books and records for its other business separate and apart from the Licensee's motor vehicle title lending business and in a different location within the Licensee's motor vehicle title lending offices. The Bureau shall be given access to all such books and records and be furnished with any information and records that it may require in order to determine compliance with all applicable conditions, laws, and regulations.

6. The Licensee shall not make, arrange, or broker a motor vehicle title loan that is secured by (i) an interest in a borrower's tax refund, (ii) an assignment of income payable to a borrower, or (iii) an assignment of an interest in a borrower's account at a depository institution.

7. The other business operator shall not engage in the business of (i) accepting funds for transmission to the Internal Revenue Service or other government instrumentalities, or (ii) receiving tax refunds for delivery to individuals, unless licensed or exempt from licensing under Chapter 19 (§ 6.2-1900 et seq.) of Title 6.2 of the Code of Virginia.

CASE NO. BAN20100790
DECEMBER 22, 2010

APPLICATION OF
EXPRESS CHECK ADVANCE OF VIRGINIA, LLC

For authority to conduct motor vehicle title lending business from its payday lending offices

ORDER GRANTING OTHER BUSINESS AUTHORITY

Express Check Advance of Virginia, LLC, a licensed payday lender, has applied to the State Corporation Commission ("Commission"), pursuant to 10 VAC 5-200-100 and § 6.2-1820 of the Code of Virginia, for authority to conduct motor vehicle title lending business from its payday lending offices. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

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

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

1. The Licensee shall not make a payday loan to a borrower to enable the borrower to purchase or pay any amount owed in connection with the (i) goods or services sold, or (ii) loans offered, facilitated, or made, by the other business operator at the Licensee's payday lending offices.

2. The other business operator shall comply with all federal and state laws and regulations applicable to its other business, including any applicable licensing requirements.

3. The other business operator shall not use or cause to be published any advertisement or other information that contains any false, misleading, or deceptive statement or representation concerning its other business, including the rates, terms, or conditions of the products, services, or loans that it offers. The other business operator shall not make or cause to be made any misrepresentation as to (i) its being licensed to conduct the other business, or (ii) the extent to which it is subject to supervision or regulation.

4. The Licensee shall not make a payday loan or vary the terms of a payday loan on the condition or requirement that a person also (i) purchase a good or service from, or (ii) obtain a loan from or through, the other business operator. The other business operator shall not (a) sell its goods or services, (b) offer, facilitate, or make loans, or (c) vary the terms of its goods, services, or loans, on the condition or requirement that a person also obtain a payday loan from the Licensee.

5. The other business operator shall maintain books and records for its other business separate and apart from the Licensee's payday lending business and in a different location within the Licensee's payday lending offices. The Bureau shall be given access to all such books and records and be furnished with any information and records that it may require in order to determine compliance with all applicable conditions, laws, and regulations.

6. The other business operator shall be licensed or exempt from licensing under Chapter 22 (§ 6.2-2200 et seq.) of Title 6.2 of the Code of Virginia.

7. The Licensee shall not make a payday loan to a person if (i) the person has an outstanding motor vehicle title loan from the other business operator, or (ii) on the same day the person repaid or satisfied in full a motor vehicle title loan from the other business operator.

8. The other business operator shall not make a motor vehicle title loan to a person if (i) the person has an outstanding payday loan from the Licensee, or (ii) on the same day the person repaid or satisfied in full a payday loan from the Licensee.

9. The other business operator and the Licensee shall not make a motor vehicle title loan and a payday loan contemporaneously or in response to a single request for a loan or credit.

10. The Licensee and other business operator shall provide each applicant for a payday loan or motor vehicle title loan with a separate disclosure, signed by the applicant, that clearly identifies all of the loan products available in the Licensee's payday lending offices along with the corresponding Annual Percentage Rate, interest rate, and other costs associated with each loan product. The disclosure shall also identify the collateral, if any, that will be used to secure repayment of each loan product.

CASE NO. BAN20100797
NOVEMBER 12, 2010

APPLICATION OF
DANNY'S AUTO LOANS, LLC

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

ORDER GRANTING A LICENSE

Danny's Auto Loans, LLC, 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 the following locations: (1) 1575 Roanoke Street, Christiansburg, Virginia 24073; and (2) 7367 Lee Highway, Suite A, Radford, Virginia 24141. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 22 of Title 6.2 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED provided that the applicant begins business within one (1) year from 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. BAN20100843
OCTOBER 29, 2010

APPLICATION OF
JUSTIN ENTERPRISES, INC. D/B/A CASH TO PAYDAY

For authority for an other business operator to conduct a motor vehicle title lending business from the licensee's payday lending offices

ORDER GRANTING OTHER BUSINESS AUTHORITY

Justin Enterprises, Inc. d/b/a Cash To Payday, a licensed payday lender, has applied to the State Corporation Commission ("Commission"), pursuant to 10 VAC 5-200-100 and § 6.2-1820 of the Code of Virginia, for authority for an other business operator to conduct a motor vehicle title lending business from the Licensee's payday lending offices. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the Bureau's report, the Commission finds that the application meets the criteria in 10 VAC 5-200-100 B.

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

1. The Licensee shall not make a payday loan to a borrower to enable the borrower to purchase or pay any amount owed in connection with the (i) goods or services sold, or (ii) loans offered, facilitated, or made, by the other business operator at the Licensee's payday lending offices.

2. The other business operator shall comply with all federal and state laws and regulations applicable to its other business, including any applicable licensing requirements.

3. The other business operator shall not use or cause to be published any advertisement or other information that contains any false, misleading, or deceptive statement or representation concerning its other business, including the rates, terms, or conditions of the products, services, or loans that it offers. The other business operator shall not make or cause to be made any misrepresentation as to (i) its being licensed to conduct the other business, or (ii) the extent to which it is subject to supervision or regulation.

4. The Licensee shall not make a payday loan or vary the terms of a payday loan on the condition or requirement that a person also (i) purchase a good or service from, or (ii) obtain a loan from or through, the other business operator. The other business operator shall not (a) sell its goods or services, (b) offer, facilitate, or make loans, or (c) vary the terms of its goods, services, or loans, on the condition or requirement that a person also obtain a payday loan from the Licensee.

5. The other business operator shall maintain books and records for its other business separate and apart from the Licensee's payday lending business and in a different location within the Licensee's payday lending offices. The Bureau shall be given access to all such books and records and be furnished with any information and records that it may require in order to determine compliance with all applicable conditions, laws, and regulations.

6. The other business operator shall be licensed or exempt from licensing under Chapter 22 (§ 6.2-2200 et seq.) of Title 6.2 of the Code of Virginia.

7. The Licensee shall not make a payday loan to a person if (i) the person has an outstanding motor vehicle title loan from the other business operator, or (ii) on the same day the person repaid or satisfied in full a motor vehicle title loan from the other business operator.

8. The other business operator shall not make a motor vehicle title loan to a person if (i) the person has an outstanding payday loan from the Licensee, or (ii) on the same day the person repaid or satisfied in full a payday loan from the Licensee.

9. The other business operator and the Licensee shall not make a motor vehicle title loan and a payday loan contemporaneously or in response to a single request for a loan or credit.

10. The Licensee and other business operator shall provide each applicant for a payday loan or motor vehicle title loan with a separate disclosure, signed by the applicant, that clearly identifies all of the loan products available in the Licensee's payday lending offices along with the corresponding Annual Percentage Rate, interest rate, and other costs associated with each loan product. The disclosure shall also identify the collateral, if any, that will be used to secure repayment of each loan product.

CASE NO. BAN20100844
OCTOBER 29, 2010

APPLICATION OF
BROOKE ENTERPRISES, INC. D/B/A CASH TODAY

For authority for an other business operator to conduct a motor vehicle title lending business from the licensee's payday lending offices

ORDER GRANTING OTHER BUSINESS AUTHORITY

Brooke Enterprises, Inc. d/b/a Cash Today, a licensed payday lender, has applied to the State Corporation Commission ("Commission"), pursuant to 10 VAC 5-200-100 and § 6.2-1820 of the Code of Virginia, for authority for an other business operator to conduct a motor vehicle title lending business from the Licensee's payday lending offices. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the Bureau's report, the Commission finds that the application meets the criteria in 10 VAC 5-200-100 B.

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

1. The Licensee shall not make a payday loan to a borrower to enable the borrower to purchase or pay any amount owed in connection with the (i) goods or services sold, or (ii) loans offered, facilitated, or made, by the other business operator at the Licensee's payday lending offices.

2. The other business operator shall comply with all federal and state laws and regulations applicable to its other business, including any applicable licensing requirements.

3. The other business operator shall not use or cause to be published any advertisement or other information that contains any false, misleading, or deceptive statement or representation concerning its other business, including the rates, terms, or conditions of the products, services, or loans that it offers. The other business operator shall not make or cause to be made any misrepresentation as to (i) its being licensed to conduct the other business, or (ii) the extent to which it is subject to supervision or regulation.

4. The Licensee shall not make a payday loan or vary the terms of a payday loan on the condition or requirement that a person also (i) purchase a good or service from, or (ii) obtain a loan from or through, the other business operator. The other business operator shall not (a) sell its goods or services, (b) offer, facilitate, or make loans, or (c) vary the terms of its goods, services, or loans, on the condition or requirement that a person also obtain a payday loan from the Licensee.

5. The other business operator shall maintain books and records for its other business separate and apart from the Licensee's payday lending business and in a different location within the Licensee's payday lending offices. The Bureau shall be given access to all such books and records and be furnished with any information and records that it may require in order to determine compliance with all applicable conditions, laws, and regulations.

6. The other business operator shall be licensed or exempt from licensing under Chapter 22 (§ 6.2-2200 et seq.) of Title 6.2 of the Code of Virginia.

7. The Licensee shall not make a payday loan to a person if (i) the person has an outstanding motor vehicle title loan from the other business operator, or (ii) on the same day the person repaid or satisfied in full a motor vehicle title loan from the other business operator.

8. The other business operator shall not make a motor vehicle title loan to a person if (i) the person has an outstanding payday loan from the Licensee, or (ii) on the same day the person repaid or satisfied in full a payday loan from the Licensee.

9. The other business operator and the Licensee shall not make a motor vehicle title loan and a payday loan contemporaneously or in response to a single request for a loan or credit.

10. The Licensee and other business operator shall provide each applicant for a payday loan or motor vehicle title loan with a separate disclosure, signed by the applicant, that clearly identifies all of the loan products available in the Licensee's payday lending offices along with the corresponding Annual Percentage Rate, interest rate, and other costs associated with each loan product. The disclosure shall also identify the collateral, if any, that will be used to secure repayment of each loan product.

CASE NO. BAN20100846
NOVEMBER 16, 2010

APPLICATION OF
CM TITLE LOANS, INC.

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

ORDER GRANTING A LICENSE

CM Title Loans, Inc., a Virginia corporation, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.2-2203 of the Code of Virginia, for a license to engage in the business of making motor vehicle title loans at 3956 S. Main Street, Suite 5, Blacksburg, Virginia 24060. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 22 of Title 6.2 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED provided that the applicant begins business within one (1) year from 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. BAN20100877
DECEMBER 17, 2010

APPLICATION OF
TITLE LOANS OF VIRGINIA, LLC

For authority for an other business operator To conduct a payday lending business From the licensee's motor vehicle title lending offices

ORDER GRANTING OTHER BUSINESS AUTHORITY

Title Loans of Virginia, LLC, a licensed motor vehicle title lender, has applied to the State Corporation Commission ("Commission"), pursuant to 10 VAC 5-210-70 and § 6.2-2215 (18) of the Code of Virginia, for authority for an other business operator to conduct a payday lending business from the Licensee's motor vehicle title lending offices. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the Bureau's report, the Commission finds that the application meets the criteria in 10 VAC 5-210-70 b of the Code of Virginia.

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

1. The Licensee shall not make a motor vehicle title loan to a borrower to enable the borrower to purchase or pay any amount owed in connection with the (i) goods or services sold, or (ii) loans offered, facilitated, or made, by the other business operator at the licensee's motor vehicle title lending offices.

2. The other business operator shall comply with all federal and state laws and regulations applicable to its other business, including any applicable licensing requirements.

3. The other business operator shall not use or cause to be published any advertisement or other information that contains any false, misleading, or deceptive statement or representation concerning its other business, including the rates, terms, or conditions of the products, services, or loans that it offers. The other business operator shall not make or cause to be made any misrepresentation as to (i) its being licensed to conduct the other business or (ii) the extent to which it is subject to supervision or regulation.

4. The Licensee shall not make a motor vehicle title loan or vary the terms of a motor vehicle title loan on the condition or requirement that a person also (i) purchase a good or service from, or (ii) obtain a loan from or through, the other business operator. The other business operator shall not (a) sell its goods or services, (b) offer, facilitate, or make loans, or (c) vary the terms of its goods, services, or loans, on the condition or requirement that a person also obtain a motor vehicle title loan from the Licensee.

5. The other business operator shall maintain books and records for its other business separate and apart from the Licensee's motor vehicle title lending business and in a different location within the Licensee's motor vehicle title lending offices. The Bureau shall be given access to all

such books and records and be furnished with any information and records that it may require in order to determine compliance with all applicable conditions, laws, and regulations.

6. The Licensee shall not make a motor vehicle title loan to a person if (i) the person has an outstanding payday loan from the other business operator or (ii) on the same day the person repaid or satisfied in full a payday loan from the other business operator.

7. The other business operator shall not make a payday loan to a person if (i) the person has an outstanding motor vehicle title loan from the Licensee or (ii) on the same day the person repaid or satisfied in full a motor vehicle title loan from the Licensee.

8. The other business operator and the Licensee shall not make a payday loan and a motor vehicle title loan contemporaneously or in response to a single request for a loan or credit.

9. The Licensee and other business operator shall provide each applicant for a motor vehicle title loan or payday loan with a separate disclosure, signed by the applicant, that clearly identifies all of the loan products available in the Licensee's motor vehicle title lending offices along with the corresponding Annual Percentage Rate, interest rate, and other costs associated with each loan product. the disclosure shall also identify the collateral, if any, that will be used to secure repayment of each loan product.

CASE NO. BAN20100878
DECEMBER 17, 2010

APPLICATION OF
PAYDAY ADVANCE, L.L.C.

For authority for an other business operator to conduct a motor vehicle title lending business from the licensee's payday lending offices

ORDER GRANTING OTHER BUSINESS AUTHORITY

PayDay Advance, L.L.C., a licensed payday lender, has applied to the State Corporation Commission ("Commission"), pursuant to 10 VAC 5-200-100 and § 6.2-1820 of the Code of Virginia, for authority for an other business operator to conduct a motor vehicle title lending business from the Licensee's payday lending offices. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the Bureau's report, the Commission finds that the application meets the criteria in 10 VAC 5-200-100 B of the Code of Virginia.

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

1. The Licensee shall not make a payday loan to a borrower to enable the borrower to purchase or pay any amount owed in connection with the (i) goods or services sold, or (ii) loans offered, facilitated, or made, by the other business operator at the Licensee's payday lending offices.

2. The other business operator shall comply with all federal and state laws and regulations applicable to its other business, including any applicable licensing requirements.

3. The other business operator shall not use or cause to be published any advertisement or other information that contains any false, misleading, or deceptive statement or representation concerning its other business, including the rates, terms, or conditions of the products, services, or loans that it offers. The other business operator shall not make or cause to be made any misrepresentation as to (i) its being licensed to conduct the other business, or (ii) the extent to which it is subject to supervision or regulation.

4. The Licensee shall not make a payday loan or vary the terms of a payday loan on the condition or requirement that a person also (i) purchase a good or service from, or (ii) obtain a loan from or through, the other business operator. The other business operator shall not (a) sell its goods or services, (b) offer, facilitate, or make loans, or (c) vary the terms of its goods, services, or loans, on the condition or requirement that a person also obtain a payday loan from the Licensee.

5. The other business operator shall maintain books and records for its other business separate and apart from the Licensee's payday lending business and in a different location within the Licensee's payday lending offices. The Bureau shall be given access to all such books and records and be furnished with any information and records that it may require in order to determine compliance with all applicable conditions, laws, and regulations.

6. The other business operator shall be licensed or exempt from licensing under Chapter 22 (§ 6.2-2200 et seq.) of Title 6.2 of the Code of Virginia.

7. The Licensee shall not make a payday loan to a person if (i) the person has an outstanding motor vehicle title loan from the other business operator, or (ii) on the same day the person repaid or satisfied in full a motor vehicle title loan from the other business operator.

8. The other business operator shall not make a motor vehicle title loan to a person if (i) the person has an outstanding payday loan from the Licensee, or (ii) on the same day the person repaid or satisfied in full a payday loan from the Licensee.

9. The other business operator and the Licensee shall not make a motor vehicle title loan and a payday loan contemporaneously or in response to a single request for a loan or credit.

10. The Licensee and other business operator shall provide each applicant for a payday loan or motor vehicle title loan with a separate disclosure, signed by the applicant, that clearly identifies all of the loan products available in the Licensee's payday lending offices along with the corresponding Annual Percentage Rate, interest rate, and other costs associated with each loan product. The disclosure shall also identify the collateral, if any, that will be used to secure repayment of each loan product.

CASE NOS. BAN20100901, BAN20100912-BAN20100918, BAN20100920, BAN20100929 AND BAN20100930
NOVEMBER 19, 2010

APPLICATIONS OF
FAST AUTO LOANS, INC.

For authority to establish additional offices

ORDER APPROVING ADDITIONAL OFFICES

Fast Auto Loans, Inc., a licensed motor vehicle title lender, has applied to the State Corporation Commission ("Commission"), pursuant to Chapter 22 of Title 6.2 of the Code of Virginia, for authority to establish additional offices at eleven (11) locations (see attachment). The applications were investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the applications and the report of the Bureau, the Commission finds that the applications meet the criteria in § 6.2-2207 B of the Code of Virginia.

THEREFORE, the applications are APPROVED provided that the licensee opens the offices within one (1) year from the date of this Order and the licensee gives written notice to the Bureau stating the date business was begun at the new office locations within ten (10) days thereafter.

CASE NO. BAN20100921
NOVEMBER 16, 2010

APPLICATION OF
FAST AUTO LOANS, INC.

For authority to establish an additional office

ORDER APPROVING AN ADDITIONAL OFFICE

Fast Auto Loans, Inc., a licensed motor vehicle title lender, has applied to the State Corporation Commission ("Commission"), pursuant to Chapter 22 of Title 6.2 of the Code of Virginia, for authority to establish an additional office at 442 Jefferson Davis Highway, Fredericksburg, Virginia 22401. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in § 6.2-2207 B of the Code of Virginia.

THEREFORE, the license requested in the application is APPROVED provided that the licensee opens the office within one (1) year from the date of this Order and the licensee gives written notice to the Bureau stating the date business was begun at the new office within ten (10) days thereafter.

CASE NOS. BAN20100963, BAN20100964, BAN20100965, BAN20100966, AND BAN20100967
DECEMBER 17, 2010

APPLICATIONS OF
ANDERSON FINANCIAL SERVICES, LLC LOANMAX
(USED IN VA BY: ANDERSON FINANCIAL SERVICES, LLC) D/B/A LOANMAX

For authority to establish additional offices

ORDER APPROVING ADDITIONAL OFFICES

Anderson Financial Services, LLC LoanMax (Used in VA by: Anderson Financial Services, LLC) d/b/a LoanMax, a licensed motor vehicle title lender, has applied to the State Corporation Commission ("Commission"), pursuant to Chapter 22 of Title 6.2 of the Code of Virginia, for authority to establish additional offices at: (1) 3173 Lee Highway, Bristol, Virginia 24202; (2) 1135 Richmond Avenue, Staunton, Virginia 24401; (3) 447 Denbigh Boulevard, Newport News, Virginia 23608; (4) 1224 W. Broad Street, Waynesboro, Virginia 22980; and (5) 1816 Peery Drive, Farmville, Virginia 23901. The applications were investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the applications and the report of the Bureau, the Commission finds that the applications meet the criteria in § 6.2-2207 B of the Code of Virginia.

THEREFORE, the licenses requested in the applications are APPROVED provided that the licensee opens the offices within one (1) year from the date of this Order and the licensee gives written notice to the Bureau stating the date business was begun at the new offices within ten (10) days thereafter.

CASE NO. BAN20100968
DECEMBER 15, 2010

APPLICATION OF
KIPLING FINANCIAL SERVICES, LLC D/B/A MONEYMAX TITLE LOANS

For authority to establish an additional office

ORDER APPROVING AN ADDITIONAL OFFICE

Kipling Financial Services, LLC d/b/a MoneyMax Title Loans, a licensed motor vehicle title lender, has applied to the State Corporation Commission ("Commission"), pursuant to Chapter 22 of Title 6.2 of the Code of Virginia, for authority to establish an additional office at 2200 Valley Avenue, Winchester, Virginia 22601. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in § 6.2-2207 B of the Code of Virginia.

THEREFORE, the license requested in the application is APPROVED provided that the licensee opens the office within one (1) year from the date of this Order and the licensee gives written notice to the Bureau stating the date business was begun at the new office within ten (10) days thereafter.

CASE NO. BFI-2009-00308
JUNE 29, 2010

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
BUCKEYE CHECK CASHING OF VIRGINIA, INC. D/B/A CHECK$MART,
Defendant

SETTLEMENT ORDER

ON A FORMER DAY, the Staff reported to the State Corporation Commission ("Commission") that Buckeye Check Cashing of Virginia, Inc. d/b/a Check$mart ("Defendant") is licensed to engage in business as a payday lender under Chapter 18 of Title 6.1 of the Code of Virginia; that on April 4, 2008, the Bureau of Financial Institutions examined the Defendant and alleged that it had violated § 6.1-459 (1) of the Code of Virginia in 19 instances,[1] § 6.1-459 (8) of the Code of Virginia in five instances,[2] § 6.1-459 (10) of the Code of Virginia in 13 instances,[3] § 6.1-459 (14) of the Code of Virginia in six

[1] At the time of the examination, § 6.1-459 (1) provided as follows:

> Each payday loan agreement shall be evidenced by a written agreement, which shall be signed by the borrower and a person authorized by the licensee to sign such agreements and dated the same day the loan is made and disbursed. The loan agreement shall set forth, at a minimum: (i) the principal amount of the loan; (ii) the fee charged; (iii) the annual percentage rate, which shall be stated using that term, applicable to the transaction calculated in accordance with Federal Reserve Board Regulation Z; (iv) evidence of receipt from the borrower of a check, dated the same date, as security for the loan, stating the amount of the check; (v) an agreement by the licensee not to present the check for payment or deposit until a specified maturity date, which date shall be at least seven days after the date the loan is made and after which date interest shall not accrue on the amount advanced at a greater rate than six percent per year; (vi) an agreement by the licensee that the borrower shall have the right to cancel the loan transaction at any time before the close of business on the next business day following the date of the transaction by paying to the licensee, in the form of cash or other good funds instrument, the amount advanced to the borrower; and (vii) an agreement that the borrower shall have the right to prepay the loan prior to maturity by paying the licensee the principal amount advanced and any accrued and unpaid fees.

[2] At the time of the examination, § 6.1-459 (8) provided that "[a] licensee shall not require or accept a post-dated check as security for, or in payment of, a loan."

[3] Section 6.1-459 (10) provides that "[a] licensee shall not take an interest in any property other than a check payable to the licensee as security for a loan."

instances,[4] § 6.1-459 (17) of the Code of Virginia in one instance,[5] and § 6.1-461 of the Code of Virginia in one instance;[6] that upon being informed that the Commissioner of Financial Institutions intended to recommend the imposition of a fine, the Defendant offered to settle this case by paying a fine in the sum of Twenty-five Thousand Dollars ($25,000), tendered said sum to the Commonwealth of Virginia, and waived its right to a hearing in the case; and the Commissioner of Financial Institutions recommended that the Commission accept the Defendant's offer of settlement pursuant to the authority granted under § 12.1-15 of the Code of Virginia.

NOW THE COMMISSION, having considered the record herein, the Defendant's offer of settlement, and the recommendation of the Bureau of Financial Institutions, 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.

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[4] At the time of the examination, § 6.1-459 (14) provided as follows:

> Upon receipt of a check given as security for a loan, the licensee shall stamp the check with an endorsement stating: "This check is being negotiated as part of a payday loan pursuant to Chapter 18 (§ 6.1-444 et seq.) of this title, and any holder of this check takes it subject to all claims and defenses of the maker.

[5] Section 6.1-459 (17) provides as follows:

> A borrower shall be permitted to make partial payments, in increments of not less than $5, on the loan at any time prior to maturity, without charge. The licensee shall give the borrower signed, dated receipts for each payment made, which shall state the balance due on the loan. Upon repayment of the loan in full, the licensee shall mark the original loan agreement with the word "paid" or "canceled," return it to the borrower, and retain a copy in its records.

[6] At the time of the examination, § 6.1-461 provided as follows:

> In addition to the loan principal and the fee permitted under § 6.1-460, no further or other amount whatsoever shall be directly or indirectly charged, contracted for, collected, received or recovered except (i) any deposit item return fee incurred by the licensee, not to exceed $25, if the check given by the borrower as security is returned because the account on which it was drawn was closed by the borrower or contained insufficient funds, or the borrower stopped payment on the check, and (ii) if judgment is obtained against the borrower, court costs and reasonable attorneys' fees if awarded by the court, incurred as a result of the returned check in an amount not to exceed $250. A licensee shall not be entitled to collect or recover from a borrower any sum otherwise permitted pursuant to §§ 6.1-330.54, 8.01-27.2, or § 8.01-382.

CASE NO. BFI-2009-00343
FEBRUARY 26, 2010

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
OPTIMA FUNDING GROUP, INC.
Defendant

SETTLEMENT ORDER

On December 29, 2009, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") in this case against Optima Funding Group, Inc. ("Defendant"). The Rule, among other things, alleged that the Defendant: (i) violated §§ 6.1-416 and 6.1-417 of the Mortgage Lender and Broker Act ("Act"), § 6.1-408 *et seq.* of the Code of Virginia, by conducting business from, and maintaining records in, unlicensed offices; (ii) violated § 6.1-422 A(1) of the Act by obtaining Broker Fee Agreements and Financing Agreements in which blanks were left to be filled in after execution; (iii) violated § 6.1-2.9:5(3) of the Code of Virginia by failing to provide borrowers with a good faith estimate of the processing time required for their loan; (iv) violated Rule 10 VAC 5-160-70 A by failing to obtain criminal history records on four prospective employees; (v) violated Rule 10 VAC 5-160-50 by failing to provide documents requested by the Bureau of Financial Institutions ("Bureau") as part of its examination of the Defendant; and (vi) engaged in conduct that would be grounds for denial of a license under the Act, which constitutes a basis for license revocation under § 6.1-415 A(1) of the Act. Additionally, the Rule required the Defendant to file a responsive pleading on or before January 29, 2010.

As a proposal to settle all matters arising from these allegations and have the Rule dismissed, the Defendant and Mr. WookHyun Nam ("Mr. Nam"), the Defendant's president and one hundred percent (100%) owner, offered to abide by the provisions of this Order and waived their right to a hearing in the case. The Commissioner of Financial Institutions ("Commissioner") recommended that the Commission accept the Defendant's offer of settlement pursuant to the authority granted under § 12.1-15 of the Code of Virginia.

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 surrender the mortgage broker license.

(3) The Defendant and Mr. Nam shall cease and desist from violating the provisions of the Act.

(4) Mr. Nam shall not act as, or otherwise perform the duties of, a senior officer of director of a mortgage lender or mortgage broker that is (i) a successor or assign of the Defendant, or (ii) owned or operated by an immediate family member of Mr. Nam. Additionally, Mr. Nam shall not acquire a ten percent (10%) or greater interest in a mortgage lender or mortgage broker that is owned or operated by an immediate family member of Mr. Nam. For purposes of this paragraph, a senior officer means a person who has a significant management responsibility within an organization or otherwise has the authority to influence or control the conduct of the organization's affairs, including, but not limited to, its compliance with applicable laws and regulations.

(5) The Defendant shall not merge into, be acquire by, or otherwise consolidate with a mortgage lender or mortgage broker that is owned or operated by an immediate family member of Mr. Nam.

(6) This case is dismissed.

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

CASE NO. BFI-2009-00344
JANUARY 19, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

Ex Parte: In the matter of adopting rules for the conduct of other business in payday lending offices

ORDER GRANTING RECONSIDERATION

On December 29, 2009, the State Corporation Commission ("Commission") entered an Order Adopting a Regulation in this matter. On January 19, 2010, F & L Marketing Enterprises, LLC d/b/a Cash-2-U Payday Loans filed a Motion to Reconsider and to Delay the Effective Date of a Regulation until July 1, 2010.

NOW THE COMMISSION, upon consideration of this Motion, grants reconsideration for the purpose of continuing our jurisdiction over this matter and considering the merits of the above-referenced Motion.

Accordingly, IT IS ORDERED THAT:

(1) Reconsideration is granted for the purpose of continuing our jurisdiction over this matter and considering the above-referenced Motion.

(2) This matter is continued pending further order of the Commission.

CASE NO. BFI-2009-00344
JANUARY 25, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

Ex Parte: In the matter of adopting rules for the conduct of other business in payday lending offices

ORDER ON RECONSIDERATION

On December 29, 2009, the State Corporation Commission ("Commission") issued an Order Adopting a Regulation in this matter. Thereafter, on January 19, 2010, F & L Marketing Enterprises, LLC d/b/a Cash-2-U Payday Loans ("F & L Marketing Enterprises") filed a Motion to Reconsider and to Delay the Effective Date of a Regulation until July 1, 2010 ("Motion"). In its Motion, F & L Marketing Enterprises requested that the Commission reconsider and delay the effective date of the amended regulation until July 1, 2010. In support of its Motion, F & L Marketing Enterprises stated that the February 1, 2010 effective date (i) does not leave adequate time for affected parties to implement the required changes affecting motor vehicle title lending in an orderly manner, and (ii) will result in a disruption of motor vehicle title loan services available to customers. On January 19, 2010, the Commission issued an Order Granting Reconsideration for the purpose of continuing our jurisdiction over this matter and considering the merits of the Motion.

NOW THE COMMISSION, upon consideration of the Motion and the record in this proceeding, is of the opinion and finds that companies currently engaged in open-end auto title lending business from one or more payday lending offices pursuant to a prior Commission approval order should be given some additional time to comply with the two additional conditions set forth in subdivisions F 6 and F 7 of 10 VAC 5-200-100. However, we are not persuaded by the Motion or the affidavit that was attached thereto that F & L Marketing Enterprises needs an additional five months to implement these two

conditions. Furthermore, we do not believe that it is either necessary or appropriate to extend the effective date of the amended regulation, which would impact a multitude of other provisions that are unrelated to auto title lending, in order to accommodate the concerns raised in the Motion. Accordingly, we believe it is reasonable and in the public interest to give licensees and third parties who are currently offering open-end auto title loans from payday lending offices pursuant to a prior Commission approval order until March 1, 2010, to comply with the conditions set forth in subdivisions F 6 and F 7 of 10 VAC 5-200-100.

Accordingly, IT IS ORDERED THAT:f

(1) F & L Marketing Enterprises' Motion is granted in part. The effective date of the amended regulation shall remain February 1, 2010, but licensees and third parties who are currently offering open-end auto title loans from payday lending offices pursuant to a prior Commission approval order shall have until March 1, 2010, to comply with the conditions set forth in subdivisions F 6 and F 7 of 10 VAC 5-200-100.

(2) This case is dismissed.

CASE NO. BFI-2009-00371
MARCH 10, 2010

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ALLIED HOME MORTGAGE CAPITAL CORPORATION,
Defendant

SETTLEMENT ORDER

ON A FORMER DAY, the Staff reported to the State Corporation Commission ("Commission") that Allied Home Mortgage Capital Corporation ("Defendant") is licensed to engage in business as a mortgage lender and mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that on February 26, 2009, the Commission's Bureau of Financial Institutions examined the Defendant and alleged that it had violated §§ 6.1-2.9:5, 6.1-330.70, 6.1-416, and 6.1-422 of the Code of Virginia, 10 VAC 5-160-30, 10 VAC 5-160-60, 10 VAC 5-160-70, and 10 VAC 5-160-80; that the Defendant offered to settle this case by payment of a fine in the sum of Twenty-five Thousand Dollars ($25,000), tendered said sum to the Commonwealth of Virginia, and waived its right to a hearing in the case; and the Commissioner of Financial Institutions recommended that the Commission accept the Defendant's offer of settlement pursuant to the authority granted under § 12.1-15 of the Code of Virginia.

Accordingly, IT IS ORDERED THAT:

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

(2) This case is dismissed.

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

CASE NO. BFI-2009-00376
FEBRUARY 18, 2010

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
AMERICAN HOME LOAN, INC. D/B/A ALLYMAC MORTGAGE SERVICES,
Defendant

SETTLEMENT ORDER

ON A FORMER DAY, the Staff reported to the State Corporation Commission ("Commission") that American Home Loan, Inc. d/b/a Allymac Mortgage Services ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that on May 13, 2009, the Bureau of Financial Institutions ("Bureau") examined the Defendant and alleged that it had violated §§ 6.1-2.9:5, 6.1-416, 6.1-423.1, and 6.1-424 of the Code of Virginia as well as 10 VAC 5-160-60; that upon being informed that the Commissioner of Financial Institutions intended to recommend the imposition of a fine, the Defendant offered to settle this case by surrendering its mortgage broker license, surrendered said license, and waived its right to a hearing in the case; and the Commissioner of Financial Institutions recommended that the Commission accept the Defendant's offer of settlement pursuant to the authority granted under § 12.1-15 of the Code of Virginia.

Accordingly, IT IS ORDERED THAT:

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

(2) This case is dismissed.

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

CASE NO. BFI-2009-00394
FEBRUARY 23, 2010

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

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Loudoun Mortgage, LLC ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on October 13, 2009; and the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on October 20, 2009, (1) of his intention to recommend revocation of its license unless a new bond was filed by November 20, 2009, 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, 2009. As of the date of this Order, the Defendant has not filed, nor has the Commission received, a new bond or 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.

THE COMMISSION 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 the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

CASE NO. BFI-2009-00397
JANUARY 8, 2010

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

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that Community Mortgage Services Corporation ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to (i) pay its annual fee due May 25, 2009, in violation of § 6.1-420 of the Code of Virginia, (ii) respond to the Bureau of Financial Institutions ("Bureau") regarding complaints from appraisal companies, in violation of 10 VAC 5-160-50, and (iii) pay fees for appraisal services described in § 6.1-425 A 5 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on November 4, 2009, (1) of his intention to recommend revocation of its license, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before December 4, 2009; and that no written request for a hearing was filed.

Accordingly, the Commission finds that the Defendant has failed to pay its annual fee, respond to the Bureau regarding complaints from appraisal companies, and pay fees for certain appraisal services, which are grounds for license revocation under § 6.1-425 of the Code of Virginia, and

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

CASE NO. BFI-2009-00400
JANUARY 25, 2010

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
CENTRAL MORTGAGE SOLUTIONS LLC,
Defendant

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Central Mortgage Solutions LLC ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on October 25, 2009; and the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on November 23, 2009, (1) of his intention to recommend revocation of its license unless a new bond was filed by December 23, 2009, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before December 14, 2009. As of the date of this Order, the Defendant has not filed, nor has the Commission received, a new bond or written request for 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.

THE COMMISSION 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 the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

CASE NO. BFI-2009-00401
JANUARY 25, 2010

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

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Provident Capital Mortgage, Inc. ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on October 28, 2009; and the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on November 23, 2009, (1) of his intention to recommend revocation of its license unless a new bond was filed by December 23, 2009, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before December 14, 2009. As of the date of this Order, the Defendant has not filed, nor has the Commission received, a new bond or written request for 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.

THE COMMISSION is of the opinion and finds that the Defendant has failed to maintain its bond in force as required by law.

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

CASE NO. BFI-2009-00402
JANUARY 25, 2010

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
SUNNY VIEW MORTGAGE GROUP, L.L.C.,
Defendant

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Sunny View Mortgage Group, L.L.C. ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on October 30, 2009; and the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on November 23, 2009, (1) of his intention to recommend revocation of its license unless a new bond was filed by December 23, 2009, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before December 14, 2009. As of the date of this Order, the Defendant has not filed, nor has the Commission received, a new bond or written request for 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.

THE COMMISSION 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 the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

CASE NO. BFI-2009-00405
JANUARY 25, 2010

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
FIRST GUARANTY COMMERCIAL MORTGAGE CORP.,
Defendant

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that First Guaranty Commercial Mortgage Corp. ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on November 4, 2009; and the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on November 23, 2009, (1) of his intention to recommend revocation of its license unless a new bond was filed by December 23, 2009, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before December 14, 2009. As of the date of this Order, the Defendant has not filed, nor has the Commission received, a new bond or written request for 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.

THE COMMISSION 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 the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

CASE NO. BFI-2009-00409
FEBRUARY 16, 2010

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
MICHAEL O. CRAWFORD D/B/A MICHAEL O. CRAWFORD FINANCIAL RESOURCES,
Defendant

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Michael O. Crawford d/b/a Michael O. Crawford Financial Resources ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on November 25, 2009; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on December 17, 2009, (1) of his intention to recommend revocation of the Defendant's license unless a new bond was filed by January 17, 2010, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before January 7, 2010; and that no new bond or written request for a hearing was received or filed.

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

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

CASE NO. BFI-2009-00411
FEBRUARY 16, 2010

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
GENESIS PROPERTIES, LLC,
Defendant

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Genesis Properties, LLC ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on December 5, 2009; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on December 17, 2009, (1) of his intention to recommend revocation of its license unless a new bond was filed by January 7, 2010, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before January 7, 2010; and that no new bond or written request for a hearing was received or filed.

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

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

CASE NO. BFI-2009-00412
OCTOBER 21, 2010

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

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that VIP Mortgage, Inc. ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.2 (formerly, Chapter 16 of Title 6.1) of the Code of Virginia; that the Defendant failed to respond to requests of the Bureau of Financial Institutions ("Bureau") in violation of 10 VAC 5-160-50 of the Virginia Administrative Code; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on August 4, 2010, (1) of his intention to recommend revocation of its license for failing to respond to requests of the Bureau, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before September 1, 2010; and that no response to the Bureau's requests or written request for a hearing was received or filed.

Accordingly, the Commission finds that the Defendant has failed to respond to requests of the Bureau as required by law, and

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

CASE NO. BFI-2009-00413
FEBRUARY 16, 2010

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
GREEN LEAF MORTGAGE CORP.,
Defendant

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Green Leaf Mortgage Corp. ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to respond in writing to the Bureau of Financial Institutions' ("Bureau's") July 21, 2009 examination report, in violation of 10 VAC 5-160-50; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on December 17, 2009, (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 18, 2010; and that no written request for a hearing was filed.

Accordingly, the Commission finds that the Defendant has failed to respond in writing to the Bureau's examination report as required by law, and

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

CASE NO. BFI-2009-00414
FEBRUARY 16, 2010

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
PACIFIC REVERSE MORTGAGE, INC. D/B/A FINANCIAL HERITAGE,
Defendant

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Pacific Reverse Mortgage, Inc. d/b/a Financial Heritage ("Defendant"), is licensed to engage in business as a mortgage broker and mortgage lender under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant continuously failed to respond to the Bureau of Financial Institutions ("Bureau") in order to schedule an examination, in violation of 10 VAC 5-160-50; that the Defendant closed its office without notifying the Bureau, in violation of § 6.1-416 C of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on December 17, 2009, (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 19, 2010; and that no written request for a hearing was filed.

Accordingly, the Commission finds that the Defendant has violated applicable law by failing to (1) respond to the Bureau in order to schedule an examination, and (2) notify the Bureau that the Defendant closed its office, and

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

CASE NO. BFI-2010-00001
MARCH 12, 2010

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
TRANSWORLD CONNECTION LTD. D/B/A SARATOGA MUTUAL,
Defendant

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Transworld Connection Ltd. d/b/a Saratoga Mutual ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on December 14, 2009; and the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on January 25, 2010, (1) of his intention to recommend revocation of its license unless a new bond was filed February 15, 2010, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before February 15, 2010. As of the date of this Order, the Defendant has not filed, nor has the Commission received, a new bond or written request for 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 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 the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

CASE NO. BFI-2010-00002
MARCH 12, 2010

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
DEXTER STANCIL D/B/A DESTINY FINANCIAL SERVICES,
Defendant

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Dexter Stancil d/b/a Destiny Financial Services ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on January 3, 2010; and the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on January 25, 2010, (1) of his intention to recommend revocation of his license unless a new bond was filed by February 25, 2010, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before February 15, 2010. As of the date of this Order, the Defendant has not filed, nor has the Commission received, a new bond or written request for 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 is of the opinion and finds that the Defendant has failed to maintain his bond in force as required by law.

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

CASE NO. BFI-2010-00003
MARCH 12, 2010

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

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Abacus Mortgage Corporation ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on January 3, 2010; and the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on January 25, 2010, (1) of his intention to recommend revocation of its license unless a new bond was filed by February 25, 2010, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before February 15, 2010. As of the date of this Order, the Defendant has not filed, nor has the Commission received, a new bond or written request for 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 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 the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

CASE NO. BFI-2010-00004
MARCH 12, 2010

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

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Capital & Trust Mortgage, LLC ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on January 5, 2010; and the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on January 25, 2010, (1) of his intention to recommend revocation of its license unless a new bond was filed by February 25, 2010, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before February 15, 2010. As of the date of this Order, the Defendant has not filed, nor has the Commission received, a new bond or written request for 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 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 the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

CASE NO. BFI-2010-00005
MARCH 12, 2010

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

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Clark Financial Services Inc. ("Defendant") is licensed to engage in business as a mortgage lender and a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on January 7, 2010; and the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on January 25, 2010, (1) of his intention to recommend revocation of its license unless a new bond was filed by February 25, 2010, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before February 15, 2010. As of the date of this Order, the Defendant has not filed, nor has the Commission received, a new bond or written request for 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 lender and a mortgage broker.

THE COMMISSION 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 the license granted to the Defendant to engage in business as a mortgage lender and a mortgage broker is hereby revoked.

CASE NO. BFI-2010-00006
MARCH 12, 2010

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
COLDWATER CANYON CAPITAL, LLC,
Defendant

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Coldwater Canyon Capital, LLC ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on January 8, 2010; and the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on January 25, 2010, (1) of his intention to recommend revocation of its license unless a new bond was filed by February 25, 2010, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before February 15, 2010. As of the date of this Order, the Defendant has not filed, nor has the Commission received, a new bond or written request for 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.

THE COMMISSION 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 the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

CASE NO. BFI-2010-00009
MARCH 12, 2010

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

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Loan Express, Inc. ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on January 18, 2010; and the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on January 25, 2010, (1) of his intention to recommend revocation of its license unless a new bond was filed by February 25, 2010, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before February 15, 2010. As of the date of this Order, the Defendant has not filed, nor has the Commission received, a new bond or written request for 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.

THE COMMISSION 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 the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

CASE NO. BFI-2010-00013
MARCH 10, 2010

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CASHNET, INC. D/B/A CASH ADVANCE CENTERS,
Defendant

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that CashNet, Inc. d/b/a Cash Advance Centers ("Defendant") is licensed to engage in business as a payday lender under Chapter 18 of Title 6.1 of the Code of Virginia; that the Defendant has continuously failed to respond to communications from the Bureau of Financial Institutions ("Bureau"), in violation of 10 VAC 5-200-50; that the Defendant closed its offices without notifying the Bureau, in violation of § 6.1-451 C of the Code of Virginia; that the Defendant failed to pay the annual fee as prescribed in § 6.1-457 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on February 4, 2010, (1) of his intention to recommend revocation of its license, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before March 1, 2010. As of the date of this Order, the Defendant has failed to respond to the Bureau and has not filed a request for hearing with the Commission.

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

THE COMMISSION is of the opinion and finds that the Defendant's license should be revoked.

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

CASE NO. BFI-2010-00014
SEPTEMBER 24, 2010

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
AMERICAN AFFORDABLE HOMES, INC.,
Defendant

SETTLEMENT ORDER

The Staff reported to the State Corporation Commission ("Commission") that American Affordable Homes, Inc. ("Defendant"), is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that on January 15, 2009, the Bureau of Financial Institutions ("Bureau") examined the Defendant and alleged that it had violated §§ 6.1-2.9:5, 6.1-416, 6.1-422 (B) (4), 6.1-422 (A) (1), 6.1-423.1, and 6.1-423.2 of the Code of Virginia as well as 10 VAC 5-160-20 (6), 10 VAC 5-160-30, 10 VAC 5-160-70, 10 VAC 5-160-80, the requirements of RESPA, and the requirements of Regulation B; and that upon being informed that the Commissioner of Financial Institutions intended to recommend the imposition of a fine, the Defendant offered to settle this case by paying a fine in the sum of Twenty-five Thousand Dollars ($25,000) in two equal installments, with the first installment due September 1, 2010, and the second installment due October 1, 2010, and waived its right to a hearing in the case. The Commissioner of Financial Institutions recommended that the Commission accept the Defendant's offer of settlement pursuant to the authority granted under § 12.1-15 of the Code of Virginia.

The Commission, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Bureau, is of the opinion that the Defendant's offer should be accepted.

Accordingly, IT IS ORDERED THAT:

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

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

(3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendant's failure to comply with the terms and undertakings of the settlement.

CASE NO. BFI-2010-00015
AUGUST 6, 2010

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

SETTLEMENT ORDER

The Commissioner of Financial Institutions has reported to the State Corporation Commission ("Commission") that Mortgage Source LLC ("Defendant") is licensed to engage in business as a mortgage lender and mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that on May 19, 2009, the Commission's Bureau of Financial Institutions examined the Defendant and alleged that it had violated §§ 6.1-2.9:5 and 6.1-422 of the Code of Virginia, 10 VAC 5-160-30, 10 VAC 5-160-50, 10 VAC 5-160-60, and 12 C.F.R. § 226.18; that upon being informed that the Commissioner of Financial Institutions intended to recommend the imposition of a fine, 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; and the Commissioner of Financial Institutions recommended that the Commission accept the Defendant's offer of settlement pursuant to the authority granted under § 12.1-15 of the Code of Virginia.

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-2010-00017
APRIL 2, 2010

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

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Lifetime Financial Partners, Inc. ("Defendant"), is licensed to engage in business as a mortgage lender and a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on February 4, 2010; and the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on February 10, 2010, (1) of his intention to recommend revocation of its license unless a new bond was filed by March 10, 2010, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before March 3, 2010. As of the date of this Order, the Defendant has not filed, nor has the Commission received, a new bond or written request for 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 lender and a mortgage broker.

NOW THE COMMISSION 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 the license granted to the Defendant to engage in business as a mortgage lender and a mortgage broker is hereby revoked.

CASE NO. BFI-2010-00019
MARCH 18, 2010

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
NATIONWIDE MORTGAGE CONCEPTS, LLC,
Defendant

SETTLEMENT ORDER

The Commissioner of Financial Institutions has reported to the State Corporation Commission ("Commission") that Nationwide Mortgage Concepts, LLC ("Defendant") is licensed to engage in business as a mortgage lender and mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant sent "VA BENEFITS" solicitations to Virginia consumers in violation of 10 VAC 5-160-60 and the Mortgage Lender and Broker Act; and that upon being informed that the Commissioner of Financial Institutions intended to recommend the imposition of a fine, the Defendant offered to settle this case by paying a fine in the sum of Five Thousand Dollars ($5,000) and abiding by the provisions of this Order, tendered said sum to the Commonwealth of Virginia, and waived its right to a hearing in the case. The Commissioner of Financial Institutions has recommended that the Commission accept the Defendant's offer of settlement pursuant to the authority granted under § 12.1-15 of the Code of Virginia.

Accordingly, IT IS ORDERED THAT:

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

(2) The Defendant shall cease and desist from sending its "VA BENEFITS" solicitations or any other false, misleading, or deceptive advertisements to Virginia consumers.

(3) The Defendant shall comply with all provisions of 10 VAC 5-160-60 and § 6.1-424 of the Code of Virginia.

(4) This case is dismissed.

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

CASE NO. BFI-2010-00021
DECEMBER 2, 2010

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
A M C FUNDING CORPORATION D/B/A ATRIUM FINANCIAL GROUP,
Defendant

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that A M C Funding Corporation d/b/a Atrium Financial Group ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant violated § 6.2-406 of the Code of Virginia ("Code") (formerly § 6.1-2.9:5) by failing to provide required disclosures to first mortgage applicants; that the Defendant violated § 6.2-1609 of the Code (formerly § 6.1-417) by failing to keep an original contract for compensation in the file; that the Defendant violated § 6.2-1614 of the Code (formerly § 6.1-422) by obtaining agreements in which blanks were left to be filled in after execution; that the Defendant violated § 6.2-1616 of the Code (formerly § 6.1-422) by allegedly forging borrower signatures on disclosures and agreements resulting in the receipt of compensation from borrowers other than that specified in written agreements signed by the borrowers; that the Defendant violated 10 VAC 5-160-20 by (i) receiving credit report fees in excess of the actual cost, (ii) by failing to maintain third party fees in a separate escrow account, and (iii) allegedly misrepresenting the qualifications for a mortgage loan; that the Defendant violated 10 VAC 5-160-60 by failing to disclose on advertisements the license number and the statement that the licensee is licensed by the "Virginia State Corporation Commission"; that the Defendant violated the Real Estate Settlement Procedures Act by failing to disclose the lender-paid broker fee on the Good Faith Estimate; that the Defendant violated Federal Regulation Z by failing to provide required substantive disclosures; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on February 23, 2010, (1) of his intention to recommend revocation of its license, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before March 23, 2010; and that no written request for a hearing was received or filed.

The Commission finds that pursuant to § 6.1-425 of the Code, immediate regulatory action is needed in order to protect Virginia consumers.

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

CASE NO. BFI-2010-00023
APRIL 8, 2010

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
FIRST RATE CAPITAL CORP.,
Defendant

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that First Rate Capital Corp. ("Defendant") is licensed to engage in business as a mortgage lender and a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on February 19, 2010; and the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on February 26, 2010: (1) of his intention to recommend revocation of its license unless a new bond was filed by March 26, 2010; and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before March 19, 2010. As of the date of this Order, the Defendant has not filed, nor has the Commission received, a new bond or written request for 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 lender and a mortgage broker.

THE COMMISSION 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 the license granted to the Defendant to engage in business as a mortgage lender and a mortgage broker is hereby revoked.

CASE NO. BFI-2010-00024
APRIL 7, 2010

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

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that JSI Mortgage, LLC ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on February 24, 2010; and the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on February 26, 2010: (1) of his intention to recommend revocation of its license unless a new bond was filed by March 26, 2010; and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before March 19, 2010. As of the date of this Order, the Defendant has not filed, nor has the Commission received, a new bond or written request for 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.

THE COMMISSION 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 the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

CASE NO. BFI-2010-00024
JULY 14, 2010

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

VACATING ORDER

On April 7, 2010, the State Corporation Commission ("Commission") entered an Order revoking the mortgage broker license issued to JSI Mortgage, LLC ("Defendant") under Chapter 16 of Title 6.1 of the Code of Virginia for failure to maintain its surety bond in force as required by law. Thereafter, the Staff reported that said Order had been tendered erroneously to the Commission for entry inasmuch as the Defendant's license was surrendered previously.

THE COMMISSION is of the opinion and finds that the Order revoking the mortgage broker license issued to the Defendant should be vacated.

Accordingly, IT IS ORDERED THAT:

(1) The Order entered herein on April 7, 2010, revoking the Defendant's license to engage in business as a mortgage broker is VACATED effective as of that date.

(2) This case is dismissed as moot.

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

CASE NO. BFI-2010-00029
APRIL 27, 2010

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
SAVINGS FIRST MORTGAGE, LLC D/B/A SAVINGS 1ST MORTGAGE,
Defendant

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Savings First Mortgage, LLC d/b/a Savings 1st Mortgage ("Defendant") is licensed to engage in business as a mortgage lender and mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to respond to the Bureau of Financial Institutions ("Bureau") regarding a consumer complaint, in violation of 10 VAC 5-160-50, and closed its office without notifying the Commissioner, in violation of § 6.1-416 C of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on March 15, 2010: (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 April 15, 2010; and that no written request for a hearing was filed.

Accordingly, the Commission finds that the Defendant has failed to respond to the Bureau regarding a consumer complaint and notify the Commissioner of the closing of its office as required by law, and

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

CASE NO. BFI-2010-00033
MARCH 26, 2010

CITIFINANCIAL SERVICES, INC.,
CITIFINANCIAL, INC.,
and
CITIFINANCIAL OF VIRGINIA, INC.

In Re: Approval of a Settlement Agreement between CitiFinancial Services, Inc., CitiFinancial, Inc., and CitiFinancial of Virginia, Inc., and the State Mortgage Regulators of the affected States in the United States

ORDER APPROVING SETTLEMENT AGREEMENT

ON THIS DAY came the Bureau of Financial Institutions ("the Bureau"), by counsel, having found that (i) CitiFinancial Services, Inc., CitiFinancial, Inc., and CitiFinancial of Virginia, Inc., (collectively, "CitiFinancial") is a group of affiliated companies based in Baltimore, Maryland, (ii) CitiFinancial, Inc. held a Virginia mortgage lender and broker license pursuant to Chapter 16 (§ 6.1-409 *et seq*.) of the Code of Virginia until June 2005, (iii) CitiFinancial of Virginia, Inc., was a licensed Virginia industrial loan association pursuant to Chapter 5 (§ 6.1-227 *et seq*.) of the Code of Virginia until 2007, (iv) CitiFinancial Services, Inc. is a Virginia licensed consumer finance company pursuant to Chapter 6 (§ 6.1-244 *et seq*.) of the Code of Virginia, (v) CitiFinancial failed inadvertently to report certain loans required to be reported pursuant to the federal Home Mortgage Disclosure Act ("HMDA"), 12 U.S.C. § 2801 *et seq*., for the reporting years 2004 through 2007, (vi) such underreporting was the result of an unintentional computer programming error, (vii) CitiFinancial has corrected all of its reports for the affected years, and (viii) CitiFinancial has established and implemented internal controls to ensure compliance with the reporting requirements of HMDA;

The Bureau requested Commission approval and acceptance of a Settlement Agreement dated March 23, 2010 ("the Agreement"), a copy of which is attached hereto and made a part hereof, by and between the affected State Mortgage Regulators[1] and CitiFinancial, and authority to execute any documents attendant to the Agreement necessary to evidence the Commission's acceptance of the Agreement;

[1] The affected State Mortgage Regulators are as follows: Alabama, Arizona, Connecticut, Delaware, Georgia, Hawaii, Idaho, Iowa, Illinois, Indiana, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Mississippi, Montana, Nebraska, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Oregon, Pennsylvania, Rhode Island, Tennessee, Texas, Utah, Vermont, Virginia, Washington, and West Virginia.

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 be, and it is hereby, APPROVED AND ACCEPTED, and (ii) the Commissioner of Financial Institutions be, and he is hereby, authorized to execute any attendant documents necessary to evidence the Commission's approval and acceptance of the Agreement.

NOTE: A copy of Attachment A entitled "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. BFI-2010-00035
AUGUST 12, 2010

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

SETTLEMENT ORDER

The Commissioner of Financial Institutions has reported allegations to the State Corporation Commission ("Commission") that Bancomer Transfer Services, Inc. ("Defendant") engaged in the business of money transmission without obtaining a license pursuant to § 6.1-371 of the Code of Virginia; and that the Defendant offered to settle this matter by paying the sum of Twenty-Five Thousand Dollars ($25,000), tendered said sum to the Commonwealth of Virginia, and waived its right to a hearing in this case. The Commissioner of Financial Institutions has recommended that the Commission accept the Defendant's offer of settlement pursuant to the authority granted under § 12.1-15 of the Code of Virginia.

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 matter is accepted.

(2) This matter is closed.

(3) This case is dismissed.

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

CASE NO. BFI-2010-00039
MAY 6, 2010

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

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Quik Fund, Inc. ("Defendant") is licensed to engage in business as a mortgage lender and a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on March 28, 2010; and the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on April 1, 2010, (1) of his intention to recommend revocation of its license unless a new bond was filed by May 1, 2010, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before April 21, 2010. As of the date of this Order, the Defendant has not filed, nor has the Commission received, a new bond or written request for 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 lender and a mortgage broker.

THE COMMISSION 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 the license granted to the Defendant to engage in business as a mortgage lender and a mortgage broker is hereby revoked.

CASE NO. BFI-2010-00039
MAY 20, 2010

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
QUIK FUND, INC.,
Defendant

VACATING ORDER

On May 6, 2010, the State Corporation Commission ("Commission") entered an Order revoking the mortgage broker license issued to Quik Fund, Inc. ("Defendant") under Chapter 16 of Title 6.1 of the Code of Virginia for failure to maintain its surety bond in force as required by law. Thereafter, the Staff reported that said Order had been tendered erroneously to the Commission for entry inasmuch as the Defendant's license was surrendered previously.

Accordingly, IT IS ORDERED THAT:

(1) The Order entered in this case on May 6, 2010, revoking the Defendant's license to engage in business as a mortgage lender and broker is vacated effective as of that date.

(2) This case is dismissed as moot.

(3) The papers filed herein shall be placed among the ended cases.

CASE NO. BFI-2010-00040
MAY 6, 2010

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
NEW WAVE LENDING CORP.,
Defendant

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that New Wave Lending Corp. ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on March 29, 2010; and the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on April 1, 2010, (1) of his intention to recommend revocation of its license unless a new bond was filed by May 1, 2010, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before April 21, 2010. As of the date of this Order, the Defendant has not filed, nor has the Commission received, a new bond or written request for 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.

THE COMMISSION 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 the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

CASE NOS. BFI-2010-00058, BFI-2010-00062, BFI-2010-00064, BFI-2010-00071, BFI-2010-00072, BFI-2010-00078, BFI-2010-00082, BFI-2010-00085, BFI-2010-00089, BFI-2010-00090, BFI-2010-00094, BFI-2010-00100, BFI-2010-00101, BFI-2010-00106, BFI-2010-00108, BFI-2010-00110, BFI-2010-00111, BFI-2010-00115, BFI-2010-00124, BFI-2010-00127, BFI-2010-00129, BFI-2010-00133, BFI-2010-00134, and BFI-2010-00137
JULY 1, 2010

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

v.

AMERICAN HOME MORTGAGE LENDERS, INC. D/B/A VETERANS MORTGAGE ; ANTHONY FORDE D/B/A ATLANTIC & PACIFIC MORTGAGE SERVICES; ATLANTIC MORTGAGE LOANS, INC.; CAPITAL LENDING SERVICE, INCORPORATED; CHESAPEAKE LENDING CORPORATION; DAY-1 MORTGAGE COMPANY, L.L.C.; EAGLE LOANS, INC.; EVERGREEN LENDING LLC; FIDELITY MORTGAGE DIRECT CORP.; FINANCIAL RESOURCES MORTGAGE, INC.; FREESTATE MORTGAGE SERVICES, INC.; HOME MORTGAGE CORPORATION; HYBRID MORTGAGE, INC.; JIM YUN, INC. D/B/A PRIME FUNDING; KEYSTONE FUNDING GROUP LLC; LINK MORTGAGE, LLC; MERIDIAN MORTGAGE LLC; NEW LIFE MORTGAGE, INC.; SARATOGA CAPITAL FINANCE LLC; THE FINANCIAL WEB, INC.; TMC LENDING, INC.; USMAC CORP. (USED IN VIRGINIA BY: CITYWIDE MORTGAGE CORPORATION); VETERANS HOME MORTGAGE, INC.; and VIRGINIA FINANCIAL CONSULTANTS, INC.

ORDER REVOKING LICENSES

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are licensed to engage in business under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendants failed to file the annual report required under § 6.1-418 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to each Defendant by certified mail on April 29, 2010, (1) of his intentions to recommend revocation of their license unless the annual report was received by June 1, 2010, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before May 20, 2010; and that no annual report or written request for a hearing was received or filed.

Accordingly, the Commission finds that the Defendants failed to file their annual reports as required by law, and

IT IS ORDERED THAT the licenses granted to the Defendants to engage in business as a mortgage broker, mortgage lender, or both, as the case may be, are hereby revoked.

CASE NO. BFI-2010-00068
AUGUST 9, 2010

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

v.

ALEXANDER S. RAMSEY, III d/b/a RAMSCOURT MORTGAGE,
Defendant

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Alexander S. Ramsey, III d/b/a RamsCourt Mortgage ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on April 20, 2010; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on April 28, 2010, (1) of his intention to recommend revocation of its license unless a new bond was filed by May 28, 2010, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before May 19, 2010; and that no new bond or written request for a hearing was received or filed.

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

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

CASE NO. BFI-2010-00144
MAY 17, 2010

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

Ex Parte: In re: annual assessment of licensed money order sellers and money transmitters

ORDER TO TAKE NOTICE

In order to defray the costs of examining and supervising money order sellers and money transmitters licensed under Chapter 12 of Title 6.1 of the Code of Virginia ("licensees"), § 6.1-373 B of the Code of Virginia requires licensees to pay an annual assessment calculated in accordance with a schedule set by the State Corporation Commission ("Commission"). The schedule is required to bear a reasonable relationship to the dollar volume of

money orders sold and money transmission business conducted by licensees, either directly or through their authorized delegates, the costs of their examinations, and to other factors relating to their supervision and regulation.

NOW THE COMMISSION, based on information supplied by the Staff of the Bureau of Financial Institutions ("Bureau"), proposes to adopt a regulation setting an assessment schedule that will promote the efficient and effective examination and supervision of licensees. Based on annual reports filed with the Bureau by licensees for the calendar year ending 2009, the schedule set forth in the proposed regulation is projected to generate a total annual assessment of $471,176.

Accordingly, IT IS ORDERED THAT:

(1) The proposed regulation, entitled "Assessment Schedule for the Examination and Supervision of Money Order Sellers and Money Transmitters," is appended hereto and made a part of the record herein.

(2) Comments or requests for a hearing on the proposed regulation must be submitted in writing to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, on or before June 18, 2010. 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-2010-00144. 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 proposed regulation shall be posted on the Commission's website at http://www.scc.virginia.gov/case.

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

NOTE: A copy of Attachment A entitled "Assessment Schedule for the Examination and Supervision of 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-2010-00144
JULY 21, 2010

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

Ex Parte: In re: annual assessment of licensed money order sellers and money transmitters

ORDER ADOPTING A REGULATION

On May 17, 2010, the State Corporation Commission ("Commission") entered an Order to Take Notice of a proposal to adopt a regulation pursuant to § 6.1-373 B of the Code of Virginia. The proposed regulation, 10 VAC 5-120-50, prescribes an assessment schedule for money order sellers and money transmitters licensed under Chapter 12 of Title 6.1 of the Code of Virginia ("licensees") in order to defray the cost of their examination and supervision. The Order and proposed regulation were published in the Virginia Register of Regulations on June 7, 2010, posted on the Commission's website, and mailed to all licensees and other interested parties. Licensees and other interested parties were afforded the opportunity to file written comments or request a hearing on or before June 18, 2010.

Comments on the proposed regulation were filed by Mr. Randy Mersky on behalf of Global Express Money Orders, Inc.[1] In his comment letter, Mr. Mersky contended that the examination process has historically been more complicated, involved, and time consuming for money transmitters, and that the assessment rate for money orders should be much lower than the assessment rate for money transmission. Mr. Mersky also recommended that the assessment schedule take into account a licensee's overall size or net worth.[2]

On June 22, 2010, the Commission entered an Order directing the Bureau of Financial Institutions ("Bureau") to file a written response to Mr. Mersky's comments. On June 25, 2010, the Bureau filed a Response to Comments. The Bureau reported to the Commission that it had contacted regulators in several other states (California, Ohio, Texas, and Wyoming) that have substantial experience regulating and examining money order sellers and money transmitters, and that all of the state regulators uniformly indicated that (i) money order sellers must comply with the same laws as money transmitters, (ii) regulators use the same programs and procedures to examine both products, and (iii) the time allotted by regulators for examinations is identical. The Bureau also indicated that the complexity and length of a particular licensee's examination is already factored into the proposed assessment schedule, and that the overall size or net worth of a licensee is redundant and/or inapt as a proxy for the amount of regulatory resources that need to be devoted to an institution.

On July 8, 2010, the Bureau filed a Supplement to Response in which it requested leave to supplement its Response to Comments on the basis that it had inadvertently omitted certain germane information. Specifically, the states of Ohio, Texas, and Wyoming had all informed the Bureau that they apply the same assessment rate to money order sellers and money transmitters. The Bureau requested that this supplemental information be appended to its Response to Comments.

[1] After the comment period deadline, a comment letter was filed by Mr. Ezra C. Levine on behalf of The Money Services Round Table. The Money Services Round Table requested that the proposed regulation be amended to include a cap of $100,000 per licensee.

[2] In his comments, Mr. Mersky also "suggested" that a hearing be held to discuss this matter further.

NOW THE COMMISSION, having considered the proposed regulation, the comments timely filed, the Bureau's Response to Comments, the record herein, and applicable law, finds that the Bureau's request for leave to supplement its Response to Comments should be granted, that a hearing is unnecessary, and that the regulation should be adopted as proposed.

Accordingly, IT IS ORDERED THAT:

(1) The proposed regulation, 10 VAC 5-120-50, attached hereto is adopted effective July 27, 2010.

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

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

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

NOTE: A copy of Attachment A entitled "Chapter 120. Money Order Sellers and Money Transmitters" is on file and may be examined at the State Corporation Commission, Bureau of Financial Institutions, Tyler Building, 1300 East Main Street, Richmond, Virginia.

CASE NO. BFI-2010-00155
AUGUST 12, 2010

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
PREMIER PROCESSING SOLUTIONS, INC.,
Defendant

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Premier Processing Solutions, Inc. ("Defendant"), is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on April 30, 2010; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on July 1, 2010, (1) of his intention to recommend revocation of its license unless a new bond was filed by August 1, 2010, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before July 22, 2010; and that no new bond or written request for a hearing was received or filed.

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

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

CASE NO. BFI-2010-00162
SEPTEMBER 13, 2010

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

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Standard Capital Corp. ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on June 10, 2010; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on July 19, 2010, (1) of his intention to recommend revocation of its license unless a new bond was filed by August 19, 2010, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before August 9, 2010; and that no new bond or written request for a hearing was received or filed.

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

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

CASE NO. BFI-2010-00163
SEPTEMBER 13, 2010

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
AMERICAN PROSPERITY MORTGAGE, LLC d/b/a
AFFORDABLE FINANCE AND LOAN MODIFICATIONS LLC,
Defendant

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that American Prosperity Mortgage, LLC d/b/a Affordable Finance and Loan Modifications LLC ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on June 22, 2010; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on July 19, 2010, (1) of his intention to recommend revocation of its license unless a new bond was filed by August 19, 2010, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before August 9, 2010; and that no new bond or written request for a hearing was received or filed.

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

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

CASE NO. BFI-2010-00165
JULY 22, 2010

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

Ex Parte: In re: motor vehicle title lending regulations

ORDER TO TAKE NOTICE

Chapter 477 of the 2010 Virginia Acts of Assembly amends the Code of Virginia by adding Chapter 21 of Title 6.1 of the Code of Virginia ("Chapter 21"), which establishes a comprehensive licensing and regulatory framework for motor vehicle title lenders and motor vehicle title loans. Chapter 21 will become effective on October 1, 2010. Section 6.1-494 of Chapter 21 authorizes the State Corporation Commission ("Commission") to adopt regulations that it deems appropriate to effect the purposes of such chapter.

The Bureau of Financial Institutions ("Bureau") has submitted to the Commission proposed regulations that define various terms used in Chapter 21, clarify and implement certain requirements, limitations, and prohibitions applicable to motor vehicle title lenders and motor vehicle title loans, and prescribe the contents of the pamphlet that licensees must furnish to prospective borrowers. Since the final regulations will be made effective on or after the date that Title 6.1 of the Code of Virginia is replaced by Title 6.2 of the Code of Virginia,[1] all of the affected statutory citations that appear in the proposed regulations reference Title 6.2 rather than Title 6.1.

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 an effective date of October 1, 2010.

Accordingly, IT IS ORDERED THAT:

(1) The proposed regulations, entitled "Motor Vehicle Title Lending," are appended hereto and made a part of the record herein.

(2) Comments on the proposed regulations must be submitted in writing to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, on or before August 30, 2010. All correspondence shall contain a reference to Case No. BFI-2010-00165. 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 Commission shall conduct a hearing in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, at 2:00 p.m. on September 7, 2010, to consider the adoption of the proposed regulations.

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

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

NOTE: A copy of Attachment A entitled "Chapter 210 Motor Vehicle 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.

[1] Chapter 794 of the 2010 Virginia Acts of Assembly recodifies Title 6.1 of the Code of Virginia as Title 6.2 of the Code of Virginia effective October 1, 2010. Chapter 21 of Title 6.1 will become Chapter 22 of Title 6.2.

CASE NO. BFI-2010-00165
SEPTEMBER 27, 2010

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

Ex Parte: In re: motor vehicle title lending regulations

ORDER ADOPTING REGULATIONS

On July 22, 2010, the State Corporation Commission ("Commission") entered an Order to Take Notice of a proposal by the Bureau of Financial Institutions to adopt regulations pursuant to Chapter 21 of Title 6.1 of the Code of Virginia ("Chapter 21"),[1] which establishes a comprehensive licensing and regulatory framework for motor vehicle title lenders and motor vehicle title loans. The proposed regulations define various terms used in Chapter 21, clarify and implement certain requirements, limitations, and prohibitions applicable to motor vehicle title lenders and motor vehicle title loans, and prescribe the contents of the pamphlet that licensees must furnish to prospective borrowers. The Order to Take Notice and proposed regulations were published in the Virginia Register of Regulations on August 16, 2010, posted on the Commission's website, and mailed to various interested parties. Interested parties were afforded the opportunity to file written comments on or before August 30, 2010, and a public hearing was scheduled for September 7, 2010.

Comments on the proposed regulations were filed by Mr. Blake Sims, Buckeye Title Loans of Virginia, LLC, Select Management Resources, LLC, the Virginia Department of Motor Vehicles, the Virginia Poverty Law Center, Dominion Management Services, Inc., the Office of the Attorney General, and ACE Cash Express, Inc.

On September 7, 2010, the Commission convened a hearing to consider the adoption of the proposed regulations. Staff counsel responded to the written comments filed and offered alternative suggestions for addressing some of the concerns that were raised in the written comments. The suggestions from Staff counsel pertained to the definition of "good funds instrument" in 10 VAC 5-210-10, the references to "active duty" in subsection D of 10 VAC 5-210-50, and the prohibition set forth in subsection F of 10 VAC 5-210-50. Staff counsel also responded to questions from the Commission regarding (i) subsection D of 10 VAC 5-210-30, which in specifying the text of the borrower rights and responsibilities pamphlet states that a motor vehicle title lender is required to record its lien with the Virginia Department of Motor Vehicles;[2] and (ii) subsection B of 10 VAC 5-210-70, which contains the standards for approving other business in motor vehicle title lending offices.

The only members of the public who participated in the hearing were David B. Irvin, representing the Office of the Attorney General, and James W. Speer, Executive Director of the Virginia Poverty Law Center. Mr. Irvin offered testimony in furtherance of the suggestion in his comment letter that the words "and conditions" be inserted after the word "costs" in three locations in 10 VAC 5-210-70 of the proposed regulations. Mr. Irvin indicated that the primary purpose of his suggestion was to ensure that consumers are aware of the type of security interest that a lender may take in connection with the various loan products that are available in a motor vehicle title lender's office. Mr. Speer testified at the hearing in support of the proposed regulations. In particular, Mr. Speer emphasized the importance of retaining the proposed requirement in subsection N of 10 VAC 5-210-50 that a licensee obtain proof of mailing from the United States Postal Service or other common carrier when sending the written notices and accounting specified by § 6.2-2217 of the Code of Virginia.

NOW THE COMMISSION, having considered the proposed regulations, the written comments filed, the record herein, and applicable law, concludes that the proposed regulations should be modified to incorporate certain suggestions that were made by commenters and Staff counsel. The Commission further concludes that the proposed standards for approving other business in motor vehicle title lending offices should be clarified, and that the proposed regulations, as modified, should be adopted with an effective date of October 1, 2010.

Accordingly, IT IS ORDERED THAT:

(1) The proposed regulations, as modified herein and attached hereto, are adopted effective October 1, 2010.

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

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

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

NOTE: A copy of Attachment A entitled "Chapter 210, Motor Vehicle Title 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.

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[1] Chapter 794 of the 2010 Virginia Acts of Assembly recodifies Title 6.1 of the Code of Virginia as Title 6.2 of the Code of Virginia effective October 1, 2010. Chapter 21 of Title 6.1 will become Chapter 22 of Title 6.2.

[2] In order to accommodate loans secured by motor vehicles that are titled in other jurisdictions, Dominion Management Services, Inc. suggested in its comment letter that the regulations require licensees to record their liens with the Virginia Department of Motor Vehicles "or applicable division of motor vehicles in the state / territory / district where titled." However, as Staff counsel pointed out during the hearing, this suggestion conflicts with subsection 11 of § 6.2-2215 of the Code of Virginia, which requires a licensee to "file to have its security interest in a motor vehicle added to a certificate of title by complying with the requirements of § 46.2-637 [of the Code of Virginia]." In prescribing the procedure for recording a security interest, § 46.2-637 specifically references the Department of Motor Vehicles of the Commonwealth.

CASE NO. BFI-2010-00166
SEPTEMBER 7, 2010

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
MATRIX INTERNATIONAL HOLDINGS, INC.,
Defendant

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Matrix International Holdings, Inc. ("Defendant"), is licensed to engage in business as a money order seller and money transmitter under Chapter 12 of Title 6.1 of the Code of Virginia; that the Defendant failed to file the annual report required by § 6.1-373 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on July 19, 2010, (1) of his intention to recommend revocation of its license unless the annual report was filed by August 19, 2010, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before August 9, 2010, and that no annual report or written request for a hearing was received or filed.

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

IT IS ORDERED THAT the license granted to the Defendant to engage in business as a money order seller and money transmitter is hereby revoked.

CASE NO. BFI-2010-00168
OCTOBER 6, 2010

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
NORTHPOINT FINANCIAL, INC. d/b/a NORTHPOINT MORTGAGE,
Defendant

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that NorthPoint Financial, Inc. d/b/a NorthPoint Mortgage ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.2 (formerly, Chapter 16 of Title 6.1) of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on July 25, 2010; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on July 27, 2010, (1) of his intention to recommend revocation of its license unless a new bond was filed by August 27, 2010, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before August 17, 2010; and that no new bond or written request for a hearing was received or filed.

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

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

CASE NO. BFI-2010-00171
SEPTEMBER 27, 2010

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
WILLIAM DAVID TIMBERLAKE,
Defendant

ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that William David Timberlake ("Defendant"), of Virginia Beach, Virginia, is the Chief Executive Officer and majority owner of Cornerstone Mortgage Funding Corporation, a mortgage broker licensed under Chapter 16 of Title 6.1 of the Code of Virginia ("Mortgage Lender and Broker Act"); that on May 17, 2010, the Defendant pled guilty to the felony of wire fraud, in violation of 18 U.S.C. § 1343; that on August 27, 2010, the Defendant was convicted of wire fraud in the United States District Court, Eastern District of Virginia (Norfolk Division); and that in the opinion of the Commissioner, the conviction and the acts that led to it are reasonably related to the qualifications, functions or duties of a person employed by, or having an ownership interest in, a licensee under the Mortgage Lender and Broker Act. On August 2, 2010, the Commissioner gave written notice to the Defendant by certified mail (1) of his intention to recommend to the Commission that the Defendant be barred, pursuant to § 6.1-425.1 of the Code of Virginia, from any position of employment, management or control of any mortgage lender or mortgage broker licensed under the Mortgage Lender and Broker Act, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before September 2, 2010; and that no written request for a hearing was received or filed.

NOW THE COMMISSION, having considered the record herein and the LM recommendation of the Commissioner, finds that the Defendant has pled guilty to and been convicted of a felony, and the conviction involved an offense reasonably related to the qualifications, functions or duties of a person engaged in business under the Mortgage Lender and Broker Act.

Accordingly, IT IS ORDERED THAT:

(1) The Defendant is barred from any position of employment, management or control of a licensee under the Mortgage Lender and Broker Act.

(2) This case is dismissed.

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

CASE NO. BFI-2010-00176
OCTOBER 6, 2010

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
JONES FINANCE AND REAL ESTATE INVESTMENTS, INC. d/b/a JFREI MORTGAGE,
Defendant

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Jones Finance and Real Estate Investments, Inc. d/b/a JFREI Mortgage ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.2 (formerly, Chapter 16 of Title 6.1) of the Code of Virginia; that the Defendant failed to pay the annual fee due May 25, 2010, as required by § 6.1-420 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on August 18, 2010, (1) of his intention to recommend revocation of its license unless the annual fee was paid by September 18, 2010, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before August 26, 2010; and that no annual fee or written request for a hearing was received or filed.

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

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

CASE NO. BFI-2010-00176
OCTOBER 27, 2010

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
JONES FINANCE AND REAL ESTATE INVESTMENTS, INC. d/b/a JFREI MORTGAGE,
Defendant

VACATING ORDER

On October 6, 2010, the State Corporation Commission ("Commission") entered an Order revoking the mortgage broker license issued to Jones Finance and Real Estate Investments, Inc. d/b/a JFREI Mortgage ("Defendant"), under Chapter 16 of Title 6.2 (formerly, Chapter 16 of Title 6.1) of the Code of Virginia for failure to pay its annual fee as required by law. Thereafter, the Staff reported to the Commission that the Defendant subsequently paid its annual fee, and the Commissioner of Financial Institutions recommended that the Commission reinstate the Defendant's mortgage broker license.

Accordingly, IT IS ORDERED THAT:

(1) The October 6, 2010 Order Revoking a License is vacated effective on that date.

(2) This case is dismissed.

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

CASE NOS. BFI-2010-00179, BFI-2010-00180, BFI-2010-00181, BFI-2010-00182, BFI-2010-00191 BFI-2010-00204, BFI-2010-00207, BFI-2010-00213, BFI-2010-00214, BFI-2010-00218, BFI-2010-00223, BFI-2010-00225, BFI-2010-00229, BFI-2010-00231, AND BFI-2010-00234 DECEMBER 28, 2010

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
FIRST EQUITABLE MORTGAGE CORP.
SECURITY FIRST FUNDING CORPORATION
PARAGON MORTGAGE & FINANCIAL SERVICES CORP.
BECKNER'S RUN & ASSOC., INC.
JM MORTGAGE LLC
ZAGROS FINANCIAL INC.
AMERINET FINANCIAL, L.L.C.
NALU, INC.
EWA MORTGAGE, INC.
1ST PERSONAL MORTGAGE SERVICE, INC.
1ST NATIONWIDE MORTGAGE CORPORATION
AASENT MORTGAGE CORPORATION
EAGLE MORTGAGE, L.L.C.
BRIDGE VIEW MORTGAGE, LLC
YOUR MORTGAGE LENDER, INC.,
Defendants

ORDER REVOKING LICENSES

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are licensed to engage in business under Chapter 16 of Title 6.2 (formerly, Chapter 16 of Title 6.1) of the Code of Virginia; that the Defendants failed to pay their annual fees due May 25, 2010, as required under § 6.1-420 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to each Defendant by certified mail on September 8, 2010, (1) of his intentions to recommend revocation of their license unless the annual fee was paid by October 8, 2010, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before September 24, 2010; and that no annual fee or written request for a hearing was received or filed.

Accordingly, the Commission finds that the Defendants failed to pay their annual fees as required by law, and

IT IS ORDERED THAT the licenses granted to the Defendants to engage in business as a mortgage broker, mortgage lender, or both, as the case may be, are hereby revoked.

CASE NO. BFI-2010-00236 NOVEMBER 16, 2010

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
SAQIB IQBAL D/B/A AMERICAN CENTURY MORTGAGE,
Defendant

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Saqib Iqbal d/b/a American Century Mortgage ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.2 (formerly, Chapter 16 of Title 6.1) of the Code of Virginia; that the Defendant failed to respond to requests of the Bureau of Financial Institutions ("Bureau") in violation of 10 VAC 5-160-50 of the Virginia Administrative Code; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on September 24, 2010, (1) of his intention to recommend revocation of its license for failing to respond to requests of the Bureau, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before October 25, 2010; and that no response to the Bureau's requests or written request for a hearing was received or filed.

Accordingly, the Commission finds that the Defendant has failed to respond to requests of the Bureau as required by law, and

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

CASE NO. BFI-2010-00242
DECEMBER 29, 2010

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
ACE CASH EXPRESS, INC.,
Defendant

SETTLEMENT ORDER

The Commissioner of Financial Institutions has reported to the State Corporation Commission ("Commission") that ACE Cash Express, Inc. ("Defendant"), is a licensed payday lender under Chapter 18 of Title 6.2 (formerly, Chapter 18 of Title 6.1) of the Code of Virginia ("Code"); that on January 12, 2010, the Bureau of Financial Institutions ("Bureau") examined the Defendant and alleged that it had violated § 6.1-451 A of the Code in one (1) instance, § 6.1-453 of the Code in one (1) instance, § 6.1-459 (1) of the Code in one (1)instance, § 6.1-459 (6) of the Code in thirty-four (34) instances, § 6.1-459 (7) of the Code in five (5) instances, § 6.1-459 (8) of the Code in six (6) instances, § 6.1-459 (10) of the Code in six (6) instances, § 6.1-459 (14) of the Code in twenty (20) instances, § 6.1-459 (17) of the Code in forty-three (43) instances, § 6.1-459 (25) of the Code in six (6) instances, § 6.1-459 (26) of the Code in four (4) instances, and 10 VAC 5-200-20 (C) in two (2) instances, 10 VAC 5-200-20 (G) in one (1) instance, 10 VAC 5-200-20 (K) in one (1) instance, 10 VAC 5-200-30 (A) in one (1) instance, 10 VAC 5-200-30 (B) in three (3) instances, 10 VAC 5-200-33 (C) in three (3) instances, 10 VAC 5-200-35 (E) in one (1) instance, 10 VAC 5-200-70 (C) in two (2) instances, 10 VAC 5-200-110 (D) in eighty-five (85) instances, 10 VAC 5-200-110 (I) in three (3) instances, 10 VAC 5-200-110 (K) in one (1) instance, and 10 VAC 5-200-110 (N) in one (1) instance; that upon being informed that the Commissioner of Financial Institutions intended to recommend the imposition of a fine, the Defendant has offered to settle this case by paying a fine in the sum of One Hundred Fifty Thousand Dollars ($150,000), tendered said sum to the Commonwealth of Virginia, and shall provide the Bureau with monthly internal audit reports of Defendant's Virginia branches up to and until the Bureau's follow-up examination, and waived its right to a hearing in the case. Additionally, no additional applications filed with the Commission by the Defendant or an affiliated entity will be approved until an examination of the Defendant by the Bureau reveals substantial compliance with Virginia law. The Commissioner of Financial Institutions 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-2010-00247
NOVEMBER 23, 2010

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
EXPRESS CHECK ADVANCE OF VIRGINIA, LLC d/b/a EXPRESS CHECK ADVANCE,
Defendant

SETTLEMENT ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Express Check Advance of Virginia, LLC d/b/a Express Check Advance ("Defendant"), is a licensed payday lender under Chapter 18 of Title 6.2 (formerly, Chapter 18 of Title 6.1) of the Code of Virginia ("Code"); that on April 13, 2010, the Bureau of Financial Institutions ("Bureau") examined the Defendant and alleged that it had violated § 6.1-459 (6) of the Code in twelve (12) instances, § 6.1-459 (7) of the Code in twelve (12) instances, § 6.1-459 (8) of the Code in five (5) instances, § 6.1-459 (10) of the Code in one (1) instance, § 6.1-459 (14) of the Code in three (3) instances, § 6.1-459 (17) of the Code in nine (9) instances, 10 VAC 5-200-30 (B) in one (1) instance, 10 VAC 5-200-110 (I) in three (3) instances, 10 VAC 5-200-110 (D) in forty (40) instances, and 10 VAC 5-200-110 (K) in one (1) instance; that upon being informed that the Commissioner intended to recommend the imposition of a fine, the Defendant has offered to settle this case by paying a fine in the sum of Fifty Five Thousand Dollars ($55,000), tendered said sum to the Commonwealth of Virginia, and waived its right to a hearing in the case; and the Commissioner recommended that the Commission accept 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-2010-00249
DECEMBER 21, 2010

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
D & R MORTGAGE CORP. D/B/A METRO FINANCE,
Defendant

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that D & R Mortgage Corp. d/b/a Metro Finance ("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; that the bond filed by the Defendant pursuant to § 6.2-1604 of the Code of Virginia was cancelled on October 5, 2010; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on October 28, 2010, (1) of his intention to recommend revocation of its license unless a new bond was filed by November 28, 2010, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before November 25, 2010; and that no new bond or written request for a hearing was received or filed.

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

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

CASE NO. BFI-2010-00253
NOVEMBER 2, 2010

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

Ex Parte: In re: other business in payday lending offices

ORDER TO TAKE NOTICE

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

The Bureau of Financial Institutions ("Bureau") has submitted to the Commission proposed amendments to 10 VAC 5-200-100 ("Section 100") of the Virginia Administrative Code, which governs the conduct of other business in payday lending offices. The impetus for the proposed amendments is Chapter 477 of the 2010 Virginia Acts of Assembly ("Chapter 477"), which became effective on October 1, 2010, and primarily established a licensing and regulatory framework for motor vehicle title lenders and motor vehicle title loans. More significant to Section 100 is that Chapter 477 also amended Virginia's open-end lending statute, § 6.2-312 of the Code of Virginia (formerly § 6.1-330.78 of the Code of Virginia). As amended, § 6.2-312 C provides in pertinent part as follows:

> (i) A licensee, as defined in § 6.2-1800, shall not engage in the extension of credit under an open-end credit plan described in this section and, (ii) a third party shall not engage in the extension of credit under an open-end credit plan described in this section at any office, suite, room, or place of business where a licensee conducts the business of making payday loans.

The proposed regulation reflects this amendment, but retains certain conditions for open-end auto title lending because other business operators are permitted by Chapter 477 to continue collecting payments on any outstanding open-end loans. Also included in the proposal as a result of Chapter 477 is a set of uniform conditions that would be applicable to the conduct of a motor vehicle title lending business from a licensee's payday lending offices. Notably, the proposed conditions for motor vehicle title lending are largely a subset of the conditions in Section 100 that have been applicable to the conduct of an open-end auto title lending business from a licensee's payday lending offices.

Another source of proposed changes to Section 100 is 10 VAC 5-210-70 of the Virginia Administrative Code, which was adopted by the Commission effective October 1, 2010, and governs the conduct of other business in motor vehicle title lending offices. Although 10 VAC 5-210-70 was initially proposed to mirror Section 100, the Commission ultimately clarified the standards for approving other business in motor vehicle title lending offices (subsection B) and added a disclosure requirement at the end of subsections E, H, and I when it adopted 10 VAC 5-210-70. Accordingly, in order to similarly clarify Section 100 and promote consistency between these two regulations, the proposal also includes modifications that track the Commission's changes to 10 VAC 5-210-70.

Lastly, based on Chapter 794 of the 2010 Virginia Acts of Assembly, which recodified Title 6.1 of the Code of Virginia as Title 6.2 of the Code of Virginia effective October 1, 2010, the Bureau is also proposing to update the affected statutory references that are found throughout Section 100.

NOW THE COMMISSION, based on the information supplied by the Bureau, is of the opinion and finds that the proposed regulation should be considered for adoption with an effective date of January 1, 2011.

Accordingly, IT IS ORDERED THAT:

(1) The proposed regulation, entitled "Other Business in Payday Lending Offices," is appended hereto and made a part of the record herein.

(2) Comments or requests for a hearing on the proposed regulation must be submitted in writing to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, on or before December 10, 2010. 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-2010-00253. 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 regulation shall be posted on the Commission's website at http://www.scc.virginia.gov/case.

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

NOTE: A copy of Attachment A entitled "Chapter 200 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-2010-00253
DECEMBER 27, 2010

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

Ex Parte: In re: other business in payday lending offices

ORDER ADOPTING A REGULATION

On November 2, 2010, the State Corporation Commission ("Commission") entered an Order to Take Notice of a proposal by the Bureau of Financial Institutions ("Bureau") to amend 10 VAC 5-200-100 of the Virginia Administrative Code, which governs the conduct of other business in payday lending offices. The Order and proposed regulation were published in the Virginia Register of Regulations on November 22, 2010, posted on the Commission's website, and mailed to all licensed payday lenders and other interested parties. Licensed payday lenders and other interested parties were afforded the opportunity to file written comments or request a hearing on or before December 10, 2010. No comments or requests for a hearing were filed.

NOW THE COMMISSION, upon consideration of the proposed regulation, the record herein, and applicable law, concludes that the proposed regulation should be adopted with an effective date of January 1, 2011.

Accordingly, IT IS ORDERED THAT:

(1) The proposed regulation, 10 VAC 5-200-100 of the Virginia Administrative Code, as attached hereto, is adopted effective January 1, 2011.

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

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

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

NOTE: A copy of Attachment A entitled "Other Business in Payday Lending Offices" 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-2010-00255
NOVEMBER 16, 2010

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

Ex Parte: In re: Mortgage Lenders and Brokers

ORDER TO TAKE NOTICE

Section 6.2-1613 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 16 (§ 6.2-1600 et seq.) of Title 6.2 of the Code of Virginia. The Commission's regulations governing licensed mortgage lenders and brokers ("Licensees") are set forth in Title 10 of the Virginia Administrative Code.

The Bureau of Financial Institutions ("Bureau") has submitted to the Commission proposed amendments to 10 VAC 5-160 ("Chapter 160") of the Virginia Administrative Code, which governs the conduct of Licensees. The impetus for the proposed amendments is Chapter 831 of the 2010 Virginia Acts of Assembly ("Chapter 831"), which became effective on July 1, 2010, and required all Licensees to register with the Nationwide Mortgage Licensing System and Registry ("NMLS"). The proposed regulation sets forth the requirements for Licensees to transition to NMLS and maintain current and accurate records in NMLS, as well as the requirements for new mortgage lenders and brokers to apply for licensure through NMLS. The proposed regulation also clarifies certain operating rules for Licensees through their participation in NMLS and supervision of mortgage loan originators, also licensed through NMLS.

NOW THE COMMISSION, based on information supplied by the Bureau, is of the opinion and finds that the proposed regulation should be considered for adoption with a proposed effective date of January 1, 2011.

Accordingly, IT IS ORDERED THAT:

(1) The proposed regulation, entitled "Mortgage Lenders and Brokers," is appended hereto and made a part of the record herein.

(2) Comments or requests for a hearing on the proposed regulation must be submitted in writing to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, on or before December 20, 2010. Requests for hearing shall state why a hearing is necessary and why the issues cannot be adequately addressed in written comments. All correspondence shall contain a reference to Case No. BFI-2010-00255. 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 regulation shall be posted on the Commission's website at http://www.scc.virginia.gov/case.

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

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

CLERK'S OFFICE

CASE NO. CLK-2009-00012
JANUARY 22, 2010

DOUGLAS ROBERT JOHNSON,
Petitioner,
v.
FLUVANNA COUNTY BOARD OF SUPERVISORS,
LOUISA COUNTY BOARD OF SUPERVISORS,
and
JAMES RIVER WATER AUTHORITY,
Respondents.

FINAL ORDER

Douglas Robert Johnson ("Petitioner"), *pro se*, filed a Petition on April 24, 2009, and an Affidavit on April 30, 2009, in the Office of the Clerk ("Clerk") of the State Corporation Commission ("Commission") seeking an order (i) declaring that the certificate of incorporation of James River Water Authority ("JRWA") issued by the Clerk is void *ab initio*; (ii) enjoining the Fluvanna County Board of Supervisors ("Fluvanna Board") from forming a water authority until a referendum is held; (iii) requiring the Respondents to reimburse the Petitioner for his costs associated with the Petition; and (iv) awarding such other relief that the Commission deems appropriate.

On May 8, 2009, the Commission issued a Scheduling Order docketing the Petition; assigning the matter to a Hearing Examiner; directing the Respondents to file an answer or other responsive pleading; and directing the Clerk to respond to the Petition and address, in particular, the specific requests for relief therein.[1]

On June 1, 2009, responsive pleadings and Motions to Dismiss with supporting Memoranda were filed by Respondents. In their Motions to Dismiss, Respondents argued that Petitioner lacks standing to challenge the action of the Commission and that the Commission does not have jurisdiction to review the action of the Fluvanna Board.

On June 9, 2009, Petitioner filed an Objection to Motion to Dismiss with a supporting Memorandum in which he argued that the Commission did not have jurisdiction to issue a certificate to JRWA and the Commission should revoke the certificate because it was issued without knowledge of two pending circuit court cases challenging the creation of the water authority. Petitioner maintained the Motions to Dismiss should be denied and Petitioner requested an opportunity to be heard. On June 15, 2009, Petitioner filed a supplement to his first Memorandum correcting a typographical error and providing new information pertaining to petitions filed with the Fluvanna Board.

On June 29, 2009, Petitioner filed a Motion for Summary Judgment with a supporting Memorandum, to deem the certificate issued to JRWA void *ab initio* and for injunctive relief. By ruling dated June 30, 2009, Respondents were directed to file any responses to Petitioner's Motion for Summary Judgment on or before July 13, 2009.

Also on June 30, 2009, the Clerk, by counsel, filed the Clerk's Response to Petition ("Clerk's Response") denying Petitioner's allegation that the Commission has jurisdiction in this matter. The Clerk further stated that the articles of incorporation for JRWA complied with applicable law and, pursuant to § 13.1-820 of the Code of Virginia ("Code"), the Commission issued a certificate of incorporation to JRWA on April 21, 2009. The Clerk stated that once a certificate is issued, the Commission's authority to afford relief to Petitioner is constrained and governed by § 13.1-813 of the Code. Section 13.1-813 confers standing to file a petition only upon a member or director of the corporation. The Clerk moved for dismissal of the Petition because Petitioner is not a member or director of JRWA and, therefore, lacks standing to seek the relief requested in the Petition.

On July 6, 2009, Petitioner filed an Objection to Motion to Dismiss with a supporting Memorandum in which he stated that the Clerk's Motion to Dismiss is incorrectly based on the assumption that the JRWA was chartered under the Virginia Nonstock Corporation Act. Petitioner stated the JRWA was chartered under the Virginia Water and Waste Authorities Act. Petitioner argued the language of the Virginia Nonstock Corporation Act, relied upon by the Clerk, is not applicable to the Virginia Water and Waste Authorities Act.

Respondent Fluvanna Board filed a Response to Petitioner's Motion for Summary Judgment ("Fluvanna Board Response") on July 13, 2009, requesting that the Petition be dismissed on two grounds: Petitioner has appealed this case to the Virginia Supreme Court and, therefore, the Commission no longer has jurisdiction;[2] and the determination of whether the Fluvanna Board improperly disregarded the citizen petition calling for a referendum is properly before the Fluvanna Circuit Court and is a matter over which the Commission has no jurisdiction. Also on July 13, 2009, the Louisa County Board of Supervisors filed a Response adopting in their entirety the arguments contained in the Fluvanna Board's Response and asked that this case be dismissed.

On July 15, 2009, the Petitioner filed a Response in which he argued that the actions of the Fluvanna Circuit Court (presumably in not granting Petitioner's request for relief) are not relevant to this Petition in that this action is based on the facts that existed at the time of incorporation, April 21, 2009. Petitioner stated he is requesting a determination of whether the actions of the Commission regarding the issuance of a certificate conform to the law as set

[1] The Scheduling Order dropped the Commission as a party Respondent to the proceeding because the Petitioner alleged no illegal action on the part of the Commission.

[2] On May 8, 2009, the Petitioner appealed the Clerk's issuance of the JRWA's certificate of incorporation to the Supreme Court of Virginia ("Virginia Supreme Court"). By unpublished opinion dated November 16, 2009, the Virginia Supreme Court dismissed the Petitioner's appeal on procedural grounds. *See Johnson v. State Corporation Comm'n, et al.*, No. 091703.

forth in the Virginia Water and Waste Authorities Act. On July 20, 2009, Petitioner submitted a Memorandum of Law Concerning Merits in which Petitioner argued the facts in this case and renewed his plea to be heard on the merits of the case.

On August 13, 2009, the Hearing Examiner issued his Report in which he recommended that the Motions to Dismiss be granted on the grounds that Petitioner does not have standing to challenge the Commission's actions and that the Commission does not have jurisdiction in the matter. At the conclusion of his Report, the Hearing Examiner also advised the parties that comments associated with his Report must be filed within 21 days. The Petitioner and Fluvanna Board filed timely comments.

NOW THE COMMISSION, upon consideration of the record, the Report of the Hearing Examiner, the comments and applicable statutes, is of the opinion that the findings and recommendations of the Hearing Examiner should be adopted for the reasons stated therein.

Specifically, we agree with the Hearing Examiner's conclusion that the Petitioner lacks standing to challenge the validity of JRWA's certificate of incorporation. Although the JRWA was formed as a water authority pursuant to the Virginia Water and Waste Authority Act, § 15.2-5100 *et seq.* of the Code, it is also undisputed that the JRWA was organized as a domestic non-stock corporation. Virginia's domestic non-stock corporations are governed by the Virginia Nonstock Corporation Act, § 13.1-801 *et seq.* of the Code (the "Nonstock Corporation Act"). Section 13.1-813 A of the Nonstock Corporation Act precludes the Commission from granting a hearing relating to:

> any certificate issued by the Commission except on a petition by a member or director, filed with the Commission and the corporation within 30 days after the effective date of a certificate, in which the member or director asserts that the certification of corporate action contained in the articles contains a misstatement of a material fact as to compliance with statutory requirements….

In addition, § 13.1-813 C of the Nonstock Corporation Act authorizes the Commission to "act on a petition filed by a corporation at anytime" to correct clerical errors or to eliminate the effects of filings made by persons "without the authority to act for the corporation."

The Petitioner has not alleged that he is a member or director of the JRWA with authority to challenge JRWA's certificate pursuant to § 13.1-813 A. Moreover, he did not file his Petition on behalf of JRWA in accordance with § 13.1-813 C. Therefore, he lacks standing to challenge the legitimacy of JRWA's certificate of incorporation.

We note further that the Petitioner's request for relief in this proceeding is based upon his contention that the process followed by the Fluvanna Board when deciding to form the JRWA was invalid or inappropriate. We agree with the Hearing Examiner's conclusion that the Commission lacks jurisdiction to review the propriety of the Fluvanna Board's decision-making process.

Accordingly, IT IS ORDERED THAT:

1. The Motions to Dismiss are hereby GRANTED;

2. The Petition is hereby DISMISSED with prejudice; and

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

CASE NO. CLK-2009-00013
NOVEMBER 5, 2010

PETITION OF
GEORGE H. CHRISTIAN

For injunctive and declaratory relief

FINAL ORDER

On June 24, 2009, George H. Christian ("Petitioner") filed a Petition with the State Corporation Commission ("Commission") wherein he challenged the alleged denial of his request for records by the Commission's Office of the Clerk ("Clerk's Office") and the position of the Clerk's Office that the Virginia Freedom of Information Act, § 2.2-3700 *et seq*. of the Code of Virginia (the "Act"), is inapplicable to the Commission and its various operating divisions, including the Clerk's Office. The Petitioner seeks declaratory and injunctive relief as provided under the Act.

The Petitioner's written request for records that gave rise to this proceeding was received by the Clerk's Office on May 18, 2009. Therein, the Petitioner requested that the Clerk's Office produce, for the period of 2008, any public records listing "all overpayments or unused payments that the Commissioner's authority to order a refund has lapsed" as well as certain other public records related thereto. The Clerk's Office responded four days later, on May 22, 2009, and informed the Petitioner, among other things, that it is the policy of the Clerk's Office to provide information and documents upon request to the extent it is able. With respect to the Petitioner's specific request for documents, the Clerk's Office initially declined to comply because it pertained "to data that is not readily available." However, on July 9, 2009, the Clerk's Office provided the Petitioner with the requested information after determining that such information could be provided in the form of a monthly summary.

On July 10, 2009, the Commission issued a Scheduling Order, in which it, among other things, docketed the matter; made the Clerk's Office a party to the case; and directed the Clerk's Office to file an answer or other responsive pleading to the Petition, on or before July 15, 2009.

On July 15, 2009, the Clerk's Office filed a Motion to Dismiss and Answer to Petition. In its Motion, the Clerk's Office raised several legal arguments in support of its position that the Petition should be dismissed. On December 1, 2009, the Petitioner filed a Memorandum in Support of

Petitioner's Response in Opposition to the Motion to Dismiss, in which he argued that the Commission is subject to the Act. On December 2, 2009, oral argument was heard on the Motion to Dismiss. Philip R. de Haas, Esquire, appeared on behalf of the Clerk's Office, while the Petitioner appeared *pro se*.

On May 21, 2010, the Petitioner filed a Motion to Expedite Disposition, in which he requested, among other things, that the Commission grant an expedited hearing for a temporary injunction within seven (7) days pursuant to § 2.2-3713 of the Code. The Clerk's Office filed a Response to Petitioner's Motion to Expedite Disposition on May 25, 2010. The Petitioner filed a Reply on June 1, 2010.

On September 2, 2010, the Chief Hearing Examiner issued her Report in this matter. The Examiner, citing Rule 5-20-100 C of the Commission's Rules of Practice and Procedure, noted that establishing the existence of an actual controversy is a threshold requirement for a petitioner seeking declaratory relief from the Commission. In this case, the Petitioner was unable to demonstrate that an actual controversy exists because the Clerk's Office timely provided the requested information to the Petitioner and he suffered no harm as a result. Consequently, the Examiner recommended that the Commission enter an order adopting the findings in her Report, dismissing the Petition for Injunctive and Declaratory Judgment, and dismissing this case from the Commission's docket of active cases.

On September 23, 2010, the Petitioner and Clerk's Office separately filed Comments to the Report.[1]

NOW THE COMMISSION, having considered the entire record in this proceeding, including the Report and the Comments thereto, adopts the Chief Hearing Examiner's recommendation to dismiss the Petition on the grounds that no actual controversy exists in this matter given the Clerk's Office's timely response to the Petitioner's request for records. Furthermore, because no actual controversy exists, we find that it is not necessary to address other arguments raised by Petitioner.

Accordingly, IT IS ORDERED THAT:

(1) The Petition of George H. Christian for injunctive and declaratory relief is hereby DISMISSED; and

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

[1] On October 9, 2010, Petitioner also filed a Motion to Permit Untimely Comments to Chief Hearing Examiner's Findings. We have accepted Petitioner's Comments to the Report.

CASE NO. CLK-2009-00013
NOVEMBER 23, 2010

PETITION OF
GEORGE H. CHRISTIAN

For injunctive and declaratory relief

ORDER DENYING RECONSIDERATION AND OTHER RELIEF

On November 5, 2010, the State Corporation Commission ("Commission") entered a Final Order in this matter. On November 18, 2010, George H. Christian ("Petitioner") filed a Petition for Reconsideration and/or Rehearing pursuant to Rule 5 VAC 5-20-220 ("Petition for Reconsideration"). On November 22, 2010, the Petitioner filed a Motion for Leave to Amend Petition for Reconsideration and/or Rehearing pursuant to Rule 5 VAC 5-20-220 ("Motion for Leave") and a Motion to Correct Final Order *Nunc Pro Tunc* ("Motion to Correct") (collectively, "Motions").

NOW THE COMMISSION, having considered the Petition for Reconsideration and the Motions, finds that the Motion for Leave should be granted, and the Petition for Reconsideration and the Motion to Correct should be denied.

Accordingly, IT IS ORDERED THAT:

(1) The Motion for Leave is hereby GRANTED.

(2) The Petition for Reconsideration, as amended, is hereby DENIED.

(3) The Motion to Correct is hereby DENIED.

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

CASE NO. CLK-2009-00015
MARCH 19, 2010

JEFFREY BAILEY, RICHARD RICE,
and
DEBORAH KNOTT, *et al.*,
Petitioners,
v.
SHORT PUMP COMMUNITY CENTER, INC.,
Respondent

FINAL ORDER

On October 8, 2009, Jeffrey Bailey, Richard Rice, and Deborah Knott, *et al.* (collectively, "Petitioners") filed with the State Corporation Commission ("Commission") a petition styled "Petition for Denial of Certificate of Dissolution" ("Petition"), pursuant to Rule 5 VAC 5-20-100 of the Commission's Rules of Practice and Procedure. The Petition alleged, among other things, that the Petitioners are members of Short Pump Community Center, Inc. ("Corporation" or "Respondent"); that Jeffrey Bailey, Richard Rice, and Deborah Knott are members of the Board of Directors of the Corporation; that the Corporation's Board of Directors met on September 10, 2009, and voted to dissolve the Corporation; that on September 14, 2009, the Corporation filed Articles of Dissolution with the Commission; that the motion to dissolve the Corporation was never brought before the members of the Corporation for a vote; and that the filing of the Articles of Dissolution was not authorized by the members of the Corporation. The Petitioners also alleged that the action of the Board of Directors was contrary to the stated purpose of the Corporation and that the members of the Board of Directors representing the Short Pump Civic Association, Inc., and the Short Pump Ruritan Club, Inc. voted in favor of the dissolution and stand to direct funds from the Corporation to these two organizations. The Petitioners sought denial of the Articles of Dissolution and an order directing the Board of Directors of the Corporation to take a new vote on the issue of dissolution, with the board members representing the Short Pump Civic Association, Inc., and the Short Pump Ruritan Club, Inc., abstaining from the vote. The Petitioners further requested the order to provide that if the new vote recommends dissolution of the Corporation, then all members of the Corporation be permitted to vote on the issue of dissolution.

On October 28, 2009, the Respondent filed a Response to Petition for Denial of Certificate of Dissolution. In its Response, the Respondent stated, among other things, that the members of the Corporation had no right to vote on the dissolution; that the Corporation's stated purpose had failed; that the Corporation's Articles of Incorporation determine who or which organization receives the assets of the Corporation in dissolution; and that the dissolution of the Corporation was undertaken in accordance with the applicable provisions of the Code of Virginia and the Articles of Incorporation. The Respondent requested that the Commission deny the Petitioners' requests for relief, dismiss the Petition, and award the Respondent its costs.

By order dated November 12, 2009, the Commission docketed the Petition, assigned the matter to a Hearing Examiner, and directed the Office of the Clerk of the Commission ("Clerk") to file a response to the Petition no later than November 20, 2009, and scheduled a hearing on the matter for December 10, 2009. The Clerk filed a response on November 19, 2009.

On December 10, 2009, Howard P. Anderson, Jr., presided over the hearing in this matter, in which he heard testimony from both the Petitioners and the Respondent. On January 22, 2010, the Hearing Examiner issued his Report and made the following findings and recommendations:

(1) The members of the Corporation do not have the right to vote on the issue of dissolution of the Corporation;

(2) The Commission does not have the authority to determine whether a conflict of interest exists involving the Board of Directors' vote to dissolve the Corporation;

(3) Respondent should not be awarded its costs;

(4) The Petition should be denied; and

(5) The Certificate of Dissolution issued by the Commission on September 14, 2009, should be affirmed.

Following the issuance of the Hearing Examiner's Report, both the Petitioners and the Respondent filed comments to the Report as well as motions. The Petitioners objected to the findings in the Report and filed a motion for a rehearing by the full Commission. The Respondent supported the findings of the Hearing Examiner and subsequent to the submission of its comments, filed a Motion to Correct the Record regarding a case pending in the Henrico County Circuit Court.[1]

Upon consideration of the record herein, the Report of the Hearing Examiner, and the comments filed thereto, the Commission is of the opinion, and so finds, that the findings and recommendations of the Hearing Examiner should be adopted. The Commission also finds that a rehearing on this matter is not necessary following the full and fair hearing before the Hearing Examiner, and the subject matter of the Respondent's Motion to Correct the Record is not properly before the Commission.

Accordingly, IT IS ORDERED THAT:

(1) The Petitioners' Motion for Rehearing is DENIED;

(2) The Respondent's Motion to Correct the Record is DENIED;

[1] In addition to the comments filed by the parties, the Commission received numerous letters from interested persons that were passed to the file in this proceeding. We acknowledge the views held by these persons; however, such correspondence does not change the conclusions of law and fact compelled by the record herein.

(3) The Respondent's request for an award of costs is DENIED;

(4) The Petition is DENIED;

(5) The Certificate of Dissolution issued by the Commission on September 14, 2009, is AFFIRMED; and

(6) This matter is DISMISSED with prejudice and the papers filed herein shall be placed in the file for ended causes.

CASE NO. CLK-2010-00005
APRIL 30, 2010

IN RE:
METIS/AMERICA MARKETING, INC., *et al.*

DISSOLUTION ORDER

On December 18, 2009, the Circuit Court for the City of Richmond ("Circuit Court") entered a Consent Decree For Dissolution ("Consent Decree") in Case No. CL09-4278-6 directing that the Clerk of the Circuit Court certify to the State Corporation Commission ("Commission") that Metis/America Marketing, Inc., a Virginia corporation, was dissolved pursuant to § 13.1-749 A of the Code of Virginia. Thereafter, the Clerk of the Circuit Court delivered to the Commission a certified copy of the Consent Decree.

Accordingly, IT IS ORDERED THAT Metis/America Marketing, Inc. is hereby DISSOLVED pursuant to § 13.1-749 A of the Code of Virginia.

The Clerk of the Circuit Court is requested to advise the Commission when all of the assets of the corporation have been distributed to its creditors and shareholders, upon receipt of which advice the Commission will enter an order terminating the corporation's existence. This case is continued generally on the Commission's docket.

CASE NO. CLK-2010-00006
JUNE 1, 2010

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

Ex Parte: In re: annual registration fees for limited liability companies

ORDER TO TAKE NOTICE

Chapter 703 of the 2010 Virginia Acts of Assembly ("Chapter 703 of the Acts"), among other things, requires each domestic limited liability company and each foreign limited liability company registered to transact business in the Commonwealth to pay an annual registration fee of $50, assessed in accordance with a schedule set by the State Corporation Commission ("Commission"). The schedule shall be in accordance with § 13.1-1062, as amended by Chapter 703 of the Acts. The second enactment of Chapter 703 of the Acts directs the Commission to enter an order setting this schedule no later than August 1, 2010.

NOW THE COMMISSION, based on information supplied by the Clerk of the Commission, proposes to adopt a regulation setting an assessment schedule as required by Chapter 703 of the Acts.

Accordingly, IT IS ORDERED THAT:

(1) The proposed regulation, entitled "Assessment Schedule for Limited Liability Companies," is appended hereto and made a part of the record herein.

(2) Comments or requests for a hearing on the proposed regulation must be submitted in writing to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, on or before July 2, 2010. Requests for hearing shall state why a hearing is necessary and why the issues cannot be adequately addressed in written comments. All correspondence shall contain a reference to Case No. CLK-2010-00006. 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 regulation shall be posted on the Commission's website at http://www.scc.virginia.gov/case.

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

NOTE: A copy of Attachment A entitled "Assessment Schedule for Limited Liability 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. CLK-2010-00006
JULY 13, 2010

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

Ex Parte: In re: annual registration fees for limited liability companies

ORDER ADOPTING A REGULATION

On June 1, 2010, the State Corporation Commission ("Commission") entered an Order to Take Notice of a proposal by the Commission to adopt a regulation pursuant to Chapter 703 of the 2010 Virginia Acts of Assembly ("Chapter 703 of the Acts"), now codified as § 13.1-1062 of the Code of Virginia. The proposed regulation, 5 VAC 5-40-20, places in the Virginia Administrative Code the schedule by which the Commission shall assess limited liability companies in accordance with § 13.1-1062 of the Code of Virginia. The second enactment of Chapter 703 of the Acts directs the Commission to enter an order setting this schedule no later than August 1, 2010. The Order and proposed regulation were published in the Virginia Register of Regulations on June 21, 2010, and published on the Commission's website. Interested parties were afforded the opportunity to provide written comments or request a hearing on or before July 2, 2010.

No comments were filed, nor were any requests for hearing made in this matter.

NOW THE COMMISSION, upon consideration of the proposed regulation and applicable law, concludes that the proposed regulation should be adopted with an effective date of August 1, 2010.

Accordingly, IT IS ORDERED THAT:

(1) The proposed regulation, 5 VAC 5-40-20, as attached hereto, is adopted effective August 1, 2010.

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

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

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

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

CASE NO. CLK-2010-00007
MAY 18, 2010

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

Ex Parte: In re: fees charged by the Office of the Clerk of the Commission

ORDER TO TAKE NOTICE

Chapter 669 of the 2010 Virginia Acts of Assembly ("Chapter 669 of the Acts") amends §§ 12.1-20, 12.1-21.1, and 12.1-21.2 of the Code of Virginia to permit the State Corporation Commission ("Commission") to charge and collect reasonable fees for furnishing and certifying a copy of any document or any information from its records. Chapter 669 of the Acts eliminates these fee amounts from statute, giving the Commission the discretion to charge an amount that it deems reasonable.

NOW THE COMMISSION, based on information supplied by the Clerk of the Commission, proposes to adopt a regulation establishing certain fees to be charged and collected by the Office of the Clerk of the Commission, with a proposed effective date of July 1, 2010.

Accordingly, IT IS ORDERED THAT:

(1) The proposed regulation, entitled "Fees to be Charged by the Office of the Clerk," is appended hereto and made a part of the record herein.

(2) Comments or requests for a hearing on the proposed regulation must be submitted in writing to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, on or before June 18, 2010. Requests for hearing shall state why a hearing is necessary and why the issues cannot be adequately addressed in written comments. All correspondence shall contain a reference to Case No. CLK-2010-00007. 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 regulation shall be posted on the Commission's website at http://www.scc.virginia.gov/case.

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

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

CASE NO. CLK-2010-00007
JUNE 29, 2010

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

Ex Parte: In re: fees charged by the Office of the Clerk of the Commission

ORDER ADOPTING A REGULATION

On May 18, 2010, the State Corporation Commission ("Commission") entered an Order to Take Notice of a proposal by the Commission to adopt a regulation pursuant to Chapter 669 of the 2010 Virginia Acts of Assembly ("Chapter 669 of the Acts"). The proposed regulation, 5 VAC 5-40-10, places in the Virginia Administrative Code the fees charged by the Commission for copying and other services that are repealed from the Code of Virginia by Chapter 669 of the Acts. The Order and proposed regulation were published in the Virginia Register of Regulations on June 7, 2010, and published on the Commission's website. Interested parties were afforded the opportunity to provide written comments or request a hearing on or before June 18, 2010.

No comments were filed, nor were any requests for hearing made in this matter.

NOW THE COMMISSION, upon consideration of the proposed regulation, the recommendations of the Office of the Clerk of the Commission ("Clerk"), and applicable law, concludes that the proposed regulation should be modified to reflect certain technical changes recommended by the Clerk and that the proposed regulation, as modified, should be adopted with an effective date of July 1, 2010.

Accordingly, IT IS ORDERED THAT:

(1) The proposed regulation, 5 VAC 5-40-10, as modified herein and attached hereto, is adopted effective July 1, 2010.

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

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

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

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

CASE NO. CLK-2010-00008
OCTOBER 15, 2010

IN RE:
PETITION OF SKYMARK, LLC.

ORDER VACATING CERTIFICATE OF AMENDMENT

On or after June 20, 2010, Jeff Schrock filed with the State Corporation Commission ("Commission") Articles of Amendment ("Articles") on behalf of Skymark, LLC ("Petitioner"), to change the name of the limited liability company to Eli Schrock Racing, LLC. The Commission issued a Certificate of Amendment ("Certificate") changing the name of the Petitioner in accordance with the Articles on July 1, 2010. Thereafter, on September 13, 2010, the Petitioner, by counsel, filed a petition to void the Articles and revoke the Certificate alleging that the person who signed the Articles had no authority to execute any filings on behalf of the Petitioner. The petition also alleged that Jeff Schrock is the registered agent of Skymark Holdings, LLC, and that the filing on behalf of the Petitioner contained a clerical error, in that it omitted "Holdings" from the name of the LLC. The petition sought an order revoking and declaring void *ab initio* the Certificate and other relief.

NOW THE COMMISSION, upon consideration of the petition and exhibits and affidavits attached thereto and the recommendation of the Clerk of the Commission, finds that the Articles were signed and filed by a person having no authority to act on behalf of the Petitioner, and that the Certificate issued by the Commission on July 1, 2010, should be vacated pursuant to § 13.1-1004 E of the Code of Virginia.

Accordingly, IT IS ORDERED THAT:

(1) The Certificate is vacated effective July 1, 2010;

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

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

BUREAU OF INSURANCE

CASE NO. INS-1995-00107
SEPTEMBER 24, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
CAPITOL LIFE INSURANCE COMPANY,
Defendant

FINAL ORDER

Capitol Life Insurance Company ("Defendant"), a foreign corporation domiciled in the State of Texas, is licensed to transact the business of insurance in the Commonwealth of Virginia.

By Order Suspending License ("Order") entered herein July 17, 1995, the Defendant's license was suspended due to financial regulatory concerns.

The Defendant was also ordered not to issue any new contracts or policies of insurance in the Commonwealth of Virginia until further order of the Commission.

The Defendant's March 31, 2010 Quarterly Statement reported capital and surplus in compliance with the minimums set forth in § 38.2-1028 of the Code of Virginia.

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

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

Accordingly, IT IS ORDERED THAT:

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

(2) This case be, and is hereby, DISMISSED.

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

CASE NO. INS-1998-00202
SEPTEMBER 28, 2010

PETITION OF
JOSEPH AND GAETANA PITTA

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

ORDER

On October 14, 1994, the Circuit Court of the City of Richmond, Virginia, entered an Order appointing the State Corporation Commission ("Commission") the Receiver of HOW Insurance Company, 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 June 13, 2005, the Commission entered its Order Approving Plans of Liquidation for the HOW Companies. The receivership is now being liquidated after more than fifteen years, and all outstanding claims are to be resolved and closed.

On April 21, 1998, Joseph and Gaetana Pitta ("Petitioners") first filed a Petition for Review ("Petition") with the Commission contesting the Deputy Receiver's Determination of Appeal in Claim No. 3485684-A. By Order dated October 8, 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 October 30, 1998, the Deputy Receiver filed a Motion to Dismiss and Answer to Petition for Review. In his Motion, among other things, the Deputy Receiver asserted that the Petitioners' claims for coverage were time-barred by the express contractual provisions of the Insurance/Warranty Program and, further, that the defects alleged did not constitute Major Structural Defects as the term was defined by the documents defining the scope of the Program and the process for submitting covered claims. The Deputy Receiver argued that the Petitioners' failed to assert a claim upon which relief may be granted, and the Petition should be dismissed.

The Petitioners responded by asserting, among other things, that the builder advised them to contact him during the two-year warranty period; the builder had deceptive tactics to avoid coverage; the garage was attached and housed various HVAC and electrical equipment; and the grounds for denial in the Determination of Appeal was not applicable. No further action was taken at that time.

By Hearing Examiner's Ruling dated September 5, 2001, the Deputy Receiver was directed to revisit his argument that the alleged defects in the Petitioners' attached garage floor did not constitute a Major Structural Defect. Additionally, the parties were directed to submit additional documents or arguments relative to the case.

On or about September 28, 2001, the Deputy Receiver filed a Supplemental Memorandum in Support of Motion to Dismiss. No pleadings or other activities occurred until September 27, 2007, when the Chief Hearing Examiner issued a ruling advising the parties that the matter would be dismissed unless good cause was shown on or before October 19, 2007, why the matter should not be dismissed from the Commission's docket of active cases.

On November 27, 2007, the Chief Hearing Examiner issued her report in which she recommended that the Commission enter an order dismissing the Petition with prejudice due to the Petitioners' failure to file a response to the ruling. Subsequent to the November 27, 2007 Report, it was discovered that the Petitioners did in fact timely file a response to the ruling; however, it was not entered into the Commission's case management system due to a clerical error. By Order of the Commission entered on December 21, 2007, the case was remanded to the Chief Hearing Examiner for further proceedings.

On May 11, 2010, the Chief Hearing Examiner issued her Report and made the following findings and recommendations:

(1) The Petitioners' claim under the Builder's Limited Warranty is time-barred pursuant to the express terms of the Insurance[Warranty Documents;

(2) The Petitioners have alleged no defect that can be defined as a Major Structural Defect under the terms of the Insurance/Warranty Documents and have no compensable claim under that coverage;

(3) The Deputy Receiver's Determination of Appeal in Claim No . 3485684-A should be affirmed; and

(4) The Petition for Review should be dismissed with prejudice.

No comments were filed on the Chief Hearing Examiner's Report.

Upon consideration of the record herein and the Report of the Chief Hearing Examiner, the Commission is of the opinion, and so finds, that the findings and recommendations of the Chief Hearing Examiner should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The Deputy Receiver's Motion to Dismiss is hereby GRANTED;

(2) The Petition of Joseph and Gaetana Pitta for review of the Deputy Receiver's Determination of Appeal is hereby DENIED;

(3) The Determination of Appeal in Claim No. 3485684-A issued by the Deputy Receiver is hereby AFFIRMED; and

(4) The case is DISMISSED and the papers herein are passed to the file for ended causes.

CASE NO. INS-2001-00108
OCTOBER 5, 2010

PETITION OF
MARILYN S. HENDRICKS

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

ORDER

On October 14, 1994, the Circuit Court of the City of Richmond, Virginia, entered an Order appointing the State Corporation Commission ("Commission") the Receiver of HOW Insurance Company, Home Warranty Corporation, and Home Owners Warranty Corporation (collectively, "HOW Companies" or "HOW"). The receivership Order granted the Commission the authority to proceed with the rehabilitation or liquidation of the HOW Companies and established a receivership appeal procedure to govern appeals and challenges to decisions rendered by the Receiver or the Receiver's duly authorized representatives. The receivership is now being liquidated after more than fifteen years, and all outstanding claims are to be resolved and closed.

On April 29, 1996, the Petitioner first filed a Petition with the Commission contesting the Deputy Receiver's Determination of Appeal in Claim No. 3371003. Six separate claims for repair of defects had been filed by the Petitioner with the HOW Companies and then with the Deputy Receiver. The Petition to the Commission was docketed and heard. At the conclusion of that hearing, it was determined that two claims, Dispute Files C1722 and C2325, would be withdrawn and the Petitioner would continue to pursue them with the builder and the Deputy Receiver.

The Deputy Receiver denied the Petitioner's claims in Dispute Files C1722 and C2325 in a Notice of Claim and Determination dated December 20, 2000. The Petitioner sent the Deputy Receiver a Notice of Appeal dated January 17, 2001, which the Deputy Receiver contends he received on January 22, 2001. Failing to reach a meeting of the minds, the Petitioner filed another Petition for Review with the Commission on May 18, 2001, contesting the Deputy Receiver's decision to deny her remaining claims.

By Order dated August 14, 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 or before September 27, 2002.

On September 27, 2002, the Deputy Receiver filed a Motion to Dismiss and Answer to Petition ("Motion to Dismiss") and a Memorandum in Support of the Motion to Dismiss. In his Motion to Dismiss, the Deputy Receiver contends that the Notice of Appeal was not filed timely, the Petitioner never perfected her Notice of Appeal although she was advised of the deficiency, and the Petitioner was thus barred from bringing the appeal to the Commission. The Deputy Receiver also denied liability or responsibility under the HOW Program with respect to the Petitioner's claims, and contends that the claims were barred due to the Petitioner's failure to cooperate in the investigation of her claims and previous adjudication of the same claims.

The Petitioner failed to file a response to the Motion. However, correspondence from the Petitioner that was attached to the Deputy Receiver's Motion made it clear that the Petitioner contended that her Notice of Appeal was timely filed. A hearing was scheduled to receive evidence on the timeliness of the Petitioner's notice; if untimely, what opportunity to perfect her appeal would have been available; and if timely, the merits of the Petitioner's claim.

On February 24, 2004, a hearing was convened telephonically, and the Petitioner appeared *pro se*. Joseph West, Esquire, appeared as counsel for the Deputy Receiver.

At the hearing, the Petitioner indicated that her specific complaints about the construction of her home were: (1) the slab foundation was poured improperly, (2) the truss system was not installed correctly, and (3) the house was not properly framed over the foundation. In support of her claims, the Petitioner submitted repair estimates as well as a report from an engineer hired by the builder to inspect the home.

The Petitioner stated that she provided access to her home on numerous occasions as unsuccessful attempts were made to repair her home. The Petitioner further stated that she had submitted documentation of her claims which HOW submitted for arbitration. HOW then submitted the documentation to an arbitrator but declined to pursue arbitration and relieved the builder of responsibility for the Petitioner's claims. The Petitioner asserted that since HOW relieved the builder of responsibility for her claims, they became insurance claims for which the Deputy Receiver is responsible.

The Deputy Receiver presented the testimony of David Thompson, a claims examiner for HOW. Mr. Thompson asserted that the Petitioner's appeal should be denied on several grounds. Mr. Thompson stated that the Petitioner's appeal of the Deputy Receiver's Notice of Claim Determination ("NCD") was not timely filed and that the Petitioner refused to provide an affidavit explaining why the NCD was late which would have likely cured this defect.

Mr. Thompson also asserted that the Petitioner refused to cooperate in an investigation of the claim by failing to provide requested documentation and by failing to provide access to the home. Mr. Thompson claimed that this investigation was necessitated by the extended period of time that elapsed between the filing of the Petitioner's initial claim and the filing of the claim that is the subject of this proceeding. Mr. Thompson stated that pursuant to the HOW warranty, the builder is responsible for all claims that arise during the first two years of coverage. Mr. Thompson further stated that HOW's liability for the Petitioner's claims made during the first two years of coverage only arises when the builder defaults on the claim. Mr. Thompson stated that because this claim was settled by the builder in 1995, the builder was not in default and therefore HOW had no liability on this claim.

The Deputy Receiver argued that although the 1995 settlement attempted to retain claims against HOW, the release of the builder from liability on these claims also released HOW because the builder was not in default.

On May 7, 2010, the Chief Hearing Examiner issued her Report and made the following findings and recommendations:

(1) There is no liability or claim under the Limited Warranty on the part of the HOW Companies; and

(2) The Deputy Receiver's Determination of Appeal in Claim Nos. C1722 and C2325 should be affirmed.

No comments were filed on the Chief Hearing Examiner's Report.

Upon consideration of the record herein and the Report of the Chief Hearing Examiner, the Commission is of the opinion, and so finds, that the findings and recommendations of the Hearing Examiner should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The Deputy Receiver's Motion to Dismiss is hereby GRANTED;

(2) The Petition of Marilyn S. Hendricks for review of the Deputy Receiver's Determination of Appeal is hereby DENIED;

(3) The Determination of Appeal in Claim Nos. C1722 and C2325 issued by the Deputy Receiver is hereby AFFIRMED; and

(4) The case is DISMISSED and the papers herein are passed to the file for ended causes.

CASE NO. INS-2002-01286
JUNE 18, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
CASUALTY RECIPROCAL EXCHANGE,
Defendant

ORDER TO TAKE NOTICE

Section 38.2-1040 of the Code of Virginia ("Code") provides in subdivision 8 of subsection A that the State Corporation Commission ("Commission") may suspend or revoke the license of any insurance company to transact the business of insurance in the Commonwealth of Virginia whenever the company has been found insolvent by a court of any other state.

Casualty Reciprocal Exchange ("Defendant"), a Missouri domiciled insurer, was initially licensed to transact the business of insurance in the Commonwealth of Virginia on July 2, 1920. On March 14, 2003, the Commission suspended the Defendant's license to transact the business of insurance in Virginia due to its failure to eliminate the impairment in its surplus. On August 18, 2004, the Circuit Court of Cole County, Missouri entered an Order of Liquidation With Finding of Insolvency against the Defendant.

The Commission's Bureau of Insurance has recommended that the Defendant's license to transact the business of insurance in the Commonwealth of Virginia be revoked.

Accordingly, IT IS ORDERED THAT the Defendant TAKE NOTICE that the Commission shall enter an order subsequent to July 2, 2010, revoking the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before July 2, 2010, the Defendant files with the Clerk of the Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for a hearing before the Commission with respect to the proposed revocation of the Defendant's license.

CASE NO. INS-2002-01286
JULY 21, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
CASUALTY RECIPROCAL EXCHANGE,
Defendant

ORDER REVOKING LICENSE

In an Order entered herein June 18, 2010, Casualty Reciprocal Exchange, a Missouri domiciled insurer ("Defendant") licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, was ordered to take notice that the Commission would enter an order subsequent to July 2, 2010, revoking the license of the Defendant to transact new business unless on or before July 2, 2010, the Defendant filed with the Clerk of the Commission a request for a hearing before the Commission to contest the proposed suspension of the Defendant's license.

The Order to Take Notice was entered upon the recommendation of the Commission's Bureau of Insurance ("Bureau") based on an Order of Liquidation with a Finding of Insolvency against the Defendant entered on August 18, 2004, by the Circuit Court of Cole County in the State of Missouri.

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

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 38.2-1040 of the Code of Virginia, the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia is hereby REVOKED;

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

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

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

CASE NO. INS-2003-00083
FEBRUARY 1, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
INSURANCE CORPORATION OF NEW YORK,
Defendant

ORDER REVOKING LICENSE

Section 38.2-1040 of the Code of Virginia ("Code") provides in subdivisions 7 and 8 of subsection A that the State Corporation Commission ("Commission") may suspend or revoke the license of any insurance company to transact the business of insurance in the Commonwealth of Virginia whenever the company has had its certificate of authority revoked in the Commonwealth of Virginia or has been found insolvent by a court of any other state. Section 38.2-1041 of the Code provides that the Commission may immediately revoke or suspend the license of any insurer to do the business of insurance in Virginia without prior notice on the grounds specified in subdivisions 7 and 8 of subsection A of § 38.2-1040 of the Code.

Insurance Corporation of New York ("Defendant"), a New York domiciled insurer, was initially licensed to transact the business of insurance in the Commonwealth of Virginia on September 24, 1969. By order entered May 27, 2003, the Defendant's license was suspended due to financial regulatory concerns. On June 30, 2009, the Supreme Court of the State of New York found the Defendant insolvent. On January 4, 2010, the Defendant's Virginia certificate of authority was revoked for failure to remit its corporate registration fee and annual report to the Clerk of the Commission.

The Commission's Bureau of Insurance has recommended that the Defendant's license to transact the business of insurance in the Commonwealth of Virginia be revoked.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 38.2-1040 of the Code of Virginia, the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia is hereby REVOKED.

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

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

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

CASE NO. INS-2005-00154
MAY 27, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
DONALD R. O'ROARK,
Defendant

ORDER

On May 7, 2010, Donald R. O'Roark ("Petitioner") filed a Petition requesting that the State Corporation Commission ("Commission") modify a Settlement Order entered on August 22, 2005, in which he was ordered not to sell, solicit, or negotiate any variable life insurance policies except to himself or his immediate family.[1] The Petitioner acknowledges that he voluntarily agreed to the restriction; however, he argues that at the time of the agreement, he did not fully appreciate the extent to which this restriction would limit his ability to affiliate with insurers and other broker dealers. He notes that it has been nearly five years since the restriction was imposed, and that in the twenty eight years prior to when this case arose, the Bureau of Insurance ("Bureau") had received no complaints regarding his activities as a licensed agent.

The Bureau of Insurance has indicated that it does not oppose modifying the previously entered Settlement Order in order to allow the Petitioner to sell, solicit, or negotiate variable life insurance policies to the general public. The Bureau notes that an agent whose license has been revoked ordinarily may reapply to become licensed after a period of five years, pursuant to § 38.2-1832 of the Code of Virginia. Notwithstanding the prior agreement between the Petitioner and the Bureau, the Bureau believes it would be reasonable to impose a time frame similar to that found in § 38.2-1832 with respect to the current restriction on the Petitioner's sales activities. The Bureau notes that there have been no complaints filed against the Petitioner since the entry of the Settlement Order.

[1] In addition to the restriction on selling variable life insurance policies, the Petitioner agreed to pay a monetary penalty of $20,000 in order to settle allegations made by the Bureau of Insurance that he had violated §§ 38.2-502 and 38.2-503 of the Code of Virginia, as well as 14 VAC 5-40-40 of the Virginia Administrative Code.

The Commission, having considered the Petition and the Bureau's recommendation, is of the opinion that Ordering Paragraph (2) of the Settlement Order entered in this case on August 22, 2005, should be vacated.

Accordingly, IT IS ORDERED THAT:

(1) Ordering Paragraph (2) of the Settlement Order entered herein on August 22, 2005, is hereby VACATED; and

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

CASE NO. INS-2008-00100
OCTOBER 25, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
THE GLEBE, INC.,
Registrant

ORDER

The Glebe, Inc. ("Glebe"), is a Continuing Care Retirement Community ("CCRC") registered with the State Corporation Commission ("Commission") to provide continuing care services in the Commonwealth of Virginia pursuant to § 38.2-4901 of the Code of Virginia ("Code"). On May 9, 2008, the Commission entered a Consent Order ("Consent Order") prohibiting the Glebe from collecting Entrance Fees as defined in § 38.2-4900 of the Code until such time as the Commission determines that the Glebe is financially stable. The Glebe consented to the entry of the Order on May 7, 2008 because it was unable to meet its *pro forma* income and cash flow projections filed with the Commission's Bureau of Insurance ("Bureau").

On October 28, 2009, the Association of Glebe Residents ("Association") filed a Petition to Modify Consent Order ("Petition") in which it requested that the Commission modify the Consent Order. The requested modification would allow the Glebe to place unearned portions of new residents' Entrance Fees into an escrow account and collect the earned portion of the fees from the escrow account at six-month intervals over a forty-eight month period. The proposed modification provides that the Glebe would request approval from the Bureau before collecting any portion of the entrance fees from the escrow account. In support of its request, the Association stated that the Order eliminates a source of income for the Glebe and draws attention to the Glebe's financial troubles, affecting marketing efforts to prospective residents.

On November 5, 2009, the Commission entered a Scheduling Order in this matter in which it assigned the matter to a Hearing Examiner, set this matter for hearing, and directed the Bureau and the Glebe to file an answer or other responsive pleading on or before November 17, 2009.

On November 17, 2009, the Glebe filed a motion in which it requested an extension of time to file its answer until November 24, 2009. This motion was granted by the Hearing Examiner on November 17, 2009.

Also on November 17, 2009, the Bureau filed its Answer and Affirmative Defenses ("Answer") in which it requested that the Petition be denied. In its Answer, the Bureau stated that the proposed modification to the Consent Order would not make the Glebe financially stable and it would not adequately protect new residents for the full term of their contract with the Glebe.

On November 24, 2009, the Glebe filed its Answer in which it expressed its support for the proposed modification to the Consent Order. The Glebe argued that the interest of the residents of the Glebe and the purposes of the Continuing Care Retirement Community Act ("Act") found in Chapter 49 of Title 38.2 of the Code are best served by modifying the Consent Order.

On April 26, 2010, the Commission convened a hearing in the case. A. Carter McGee, Esquire, and Garren R. Laymon, Esquire, appeared on behalf of the Association. J.R. Smith, Esquire, and Robert Dean Pope, Esquire, appeared on behalf of the Glebe. Donald C. Beatty, Esquire, and John O. Cox, Esquire appeared on behalf of the Bureau.

At the hearing, the Association presented the testimony of Mr. Cecil G. Short, Rev. Hugh E. Nichols, and Mr. Donald C. Johnson, all residents of the Glebe. The witnesses for the Association described the Glebe, their lives at the Glebe, and the effect of the Consent Order on their lives. Mr. Short and Reverend Nichols both testified that they used the proceeds from the sale of a primary residence to fund the Entrance Fee for the Glebe.

The Glebe presented the testimony of Mr. Ned Stephenson, Chairman of the Board of Trustees of the Glebe. Mr. Stephenson testified that low occupancy created financial difficulty for the Glebe, which ultimately led to the entry of the Consent Order. Mr. Stephenson testified that there were approximately $5 million in Entrance Fees deferred by the Glebe pursuant to the Consent Order. Mr. Stephenson also testified to the efforts the Glebe has made to improve its financial condition including hiring new management, deferring refunds on entrance fees and negotiating with bondholders. Mr. Stephenson testified that the Glebe is currently in default on its bonds and that if it was allowed to take Entrance Fees it would consider first paying former residents to whom refunds of part of the Entrance Fee are owed.

The Bureau presented the testimony of Toni Janoski, Senior Financial Analyst for the Bureau. Ms. Janoski testified as to the events leading up to the entry of the Consent Order. Ms. Janoski stated that in April of 2008 the Glebe notified the Bureau that it had defaulted on its principal payments on its bond and that the bond was in default as of January 24, 2008. Ms. Janoski testified further as to the current financial condition of the Glebe. Ms. Janoski testified that the Glebe's liabilities exceed its assets by more than $21 million and that the Glebe is experiencing recurring operating losses. Ms. Janoski stated that the Glebe had not provided any information that would lead her to believe it would not continue to experience such losses.

On June 25, 2010, the Association, the Glebe, and the Bureau filed post-hearing briefs.

On July 29, 2010, the Hearing Examiner issued a Hearing Examiner's Report ("Report") finding that the Petition should be granted. The Hearing Examiner stated that the financial condition of the Glebe warranted caution but was not dire. He found that the requested modification of the Consent Order adequately protects both current and prospective residents and will better allow the Glebe to meet its financial obligations. The Hearing Examiner recommended that the Commission enter an order adopting the findings in the Report and granting the Petition.

On August 9, 2010, the Bureau filed its Objections to Report of Hearing Examiner ("Objections"). In its Objections, the Bureau argued that the Hearing Examiner did not apply the appropriate statutory standard in his assessment of the Glebe's financial condition. The Bureau asserted that the appropriate standard for considering the financial stability of the Glebe is found in § 38.2-4907 of the Code, which authorizes the Commission to protect residents and prospective residents when the Commission determines that a provider has been or will be unable to meet the *pro forma* income or cash flow projections previously filed by the provider and such failure may endanger the ability of the provider to perform fully its obligation pursuant to its continuing care contracts. The Bureau states that the Glebe currently meets this standard. Further, the Bureau notes that it is undisputed that: (1) in both 2008 and 2009, the Glebe's external auditors questioned the Glebe's ability to continue as a going concern; and (2) the Glebe is insolvent insofar as it is unable to make payments on its obligations as they come due and its liabilities exceed its assets. Moreover, the Bureau noted that on June 28, 2010, the Glebe filed for relief under Chapter 11 of the United States Bankruptcy Code ("Bankruptcy Filing"), providing further evidence of its financial instability. The Bureau also argued that the Consent Order should not be lifted because it states that it will remain in effect until such time as the Glebe has demonstrated that it is financially stable and that no such demonstration had been made.

On August 11, 2010, the Glebe filed its Response to the Report of Hearing Examiner ("Response"). In its Response, the Glebe objected to the Report to the extent that it recommends making the Glebe's ability to collect entrance fees conditional on approval by the Bureau. The Glebe also argued that its Bankruptcy Filing is not in and of itself determinative of the Glebe's financial stability, but rather a means to restructure its debt obligations to its bondholders. The Glebe states that it is optimistic that a consensual plan of reorganization can occur in the near future. On August 28, 2010, the counsel for the Association filed a Motion to Withdraw as Counsel. In support of the Motion to Withdraw, counsel for the Association stated that no further assistance from counsel is required by the Association. There was no opposition to this motion.

NOW THE COMMISSION, upon consideration of the record herein, is of the opinion and finds that the Petition of the Association of Glebe Residents should be denied.

Section 38.2-4907 of the Code authorizes the Commission to protect residents or prospective residents of a CCRC when the Commission determines that:

> 1. A provider has been or will be unable to meet the pro forma income or cash flow projections previously filed by the provider and such failure may endanger the ability of the provider to perform fully its obligation pursuant to its continuing care contracts; or
>
> 2. A provider is bankrupt, insolvent, under reorganization pursuant to federal bankruptcy laws or in imminent danger of becoming bankrupt or insolvent.

It is undisputed that the Glebe's current financial condition meets both standards enumerated in the Act. The Glebe is currently unable to meet its *pro forma* income projections filed with the Bureau and has filed for bankruptcy protection pursuant to Chapter 11 of the United States Bankruptcy Code in an effort to restructure its debt. The purpose of the Consent Order is to protect the investments of current and future residents of the Glebe, and it requires that the Glebe cease collecting entrance fees from new residents until such time as the Commission has determined that it is financially stable. It is clear based on the evidence in this case that the Glebe remains financially unstable. We are hopeful that the Glebe's efforts to restructure its debt will enable it to become financially stable, which would allow the Commission to modify the Consent Order in the future. We find that the Consent Order should remain in effect until such time as the Glebe can demonstrate that it is financially stable.

Accordingly, IT IS ORDERED THAT:

(1) The Petition of the Association of Glebe Residents is hereby DENIED;

(2) The Motion to Withdraw of the Association of Glebe Residents is hereby GRANTED; and

(3) The papers herein are passed to the file for ended causes.

CASE NO. INS-2008-00248
FEBRUARY 12, 2010

APPLICATION OF
INTERSTATE MUTUAL FIRE INSURANCE COMPANY

For approval to distribute the remaining assets of the corporation pursuant to Virginia Code § 38.2-216

FINAL ORDER

Interstate Mutual Fire Insurance Company ("Interstate Mutual") is a Virginia domiciled mutual assessment property and casualty insurer licensed by the State Corporation Commission ("Commission") pursuant to Chapter 25 (§ 38.2-2500 *et seq.*) of Title 38.2 of the Code of Virginia ("Code").

By Order entered herein November 25, 2008, Interstate Mutual's license to transact the business of insurance in the Commonwealth of Virginia was suspended based on the voluntary consent of Interstate Mutual's President due to Interstate Mutual's failure to maintain a membership of at least 100 persons at all times as required by § 38.2-2515 of the Code.

On September 8, 2008, Interstate Mutual filed its Articles of Dissolution and Dissolution Application with the Commission's Bureau of Insurance ("Bureau"), reflecting that the dissolution of Interstate Mutual was approved by the Board of Directors on August 17, 2007.

The Dissolution Application provided that after all liabilities and obligations of Interstate Mutual were paid, satisfied, and discharged, the remaining assets of Interstate Mutual would be distributed pursuant to an established and agreed formula to those members of Interstate Mutual who owned Interstate Mutual Policies during calendar years 2005, 2006 and 2007.

By Order entered May 5, 2009, the Dissolution Application was approved ("Order Approving Application"). The Order Approving Application required Interstate Mutual to promptly distribute its remaining assets and file an affidavit of compliance with the Bureau. The Order Approving Application further required Interstate Mutual to surrender its license to transact the business of insurance to the Bureau upon completion of the distribution of its assets.

By letter dated December 17, 2009, and received by the Bureau on December 22, 2009, Interstate Mutual submitted an affidavit of compliance with the Order Approving Application and surrendered its license to transact the business of insurance.

The Bureau has recommended that this case be closed.

NOW THE COMMISSION, having considered the record, the recommendation of the Bureau of Insurance and the law applicable hereto, is of the opinion that this case should be closed.

Accordingly, IT IS ORDERED THAT:

(1) The Order Suspending License entered by the Commission should be, and is hereby, VACATED;

(2) This case be, and is hereby, DISMISSED;

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

CASE NO. INS-2009-00104
MARCH 17, 2010

ALFRED W. GROSS AS DEPUTY RECEIVER OF
SHENANDOAH LIFE INSURANCE COMPANY,
IN RECEIVERSHIP FOR CONSERVATION
AND REHABILITATION,
Plaintiff,
v.
WILMA S. BAKER
GWENDOLYN S. JONES,
and
STEVEN A. SLEDGE,
Defendants

ORDER

On April 19, 2009, Alfred W. Gross, Commissioner of the Bureau of Insurance, State Corporation Commission ("Commission"), in his capacity as Deputy Receiver of Shenandoah Life Insurance Company ("Shenandoah"), in receivership for conservation and rehabilitation, by counsel, filed a Petition for Interpleader requesting that the Commission, among other things: (i) hear the competing claims by the Defendants as to insurance proceeds from insurance policy no. 000999724 ("Policy") issued to William A. Sledge by Shenandoah; (ii) restrain and enjoin the Defendants from instituting or prosecuting any proceeding before any other court in the Commonwealth related to their competing claims to the insurance proceeds under the Policy; and (iii) dismiss the Deputy Receiver from this proceeding and forever discharge him and Shenandoah from any and all liability to the Defendants for any claim, demand, action, or cause of action arising out of, or in any way connected with, the Policy.

Unbeknownst to the Deputy Receiver, on April 3, 2009, Defendant Wilma Baker filed a Complaint in the matter styled Wilma Baker v. Gwendolyn Jones, in the Circuit Court ("Circuit Court") for the City of Portsmouth, Case Number CL09000933-00. The Complaint requested that the Circuit Court take jurisdiction over this matter and find that Wilma Baker is entitled to the proceeds of the Policy.

On May 4, 2009, Defendant Gwendolyn S. Jones filed an Answer in the Circuit Court requesting that the Circuit Court find that Gwendolyn S. Jones and Steven Sledge are the beneficiaries of the Policy.

On May 27, 2009, the Deputy Receiver, by counsel, filed a Motion for Continuance ("Motion"). In support of his Motion, the Deputy Receiver stated that Defendant Wilma S. Baker filed a complaint for declaratory judgment to determine the rights under the Policy in this matter in the Circuit Court and, in the interest of judicial economy, requested that the Commission continue this matter.

On July 21, 2009, the Commission entered an order continuing this matter.

On December 2, 2009, the Deputy Receiver filed a Notice of Nonsuit ("Notice") in this matter. In support of his Notice, the Deputy Receiver stated that the Defendants had executed among themselves a Compromise and Settlement Agreement, wherein the Defendants agreed to a division of the proceeds of policy no. 000999724 issued by Shenandoah to owner and insured, William A. Sledge. Additionally, the Defendants executed a Release and Agreement in favor of Shenandoah and the Deputy Receiver which released all claims known or unknown that the Defendants have now or may have in the

future against Shenandoah or the Deputy Receiver. Based on the foregoing and good cause having been shown, the Deputy Receiver requested that the Commission dismiss this case.

NOW THE COMMISSION, having considered the record herein and the request of the Deputy Receiver, is of the opinion that this matter should be dismissed.

Accordingly, IT IS ORDERED THAT:

(1) The Deputy Receiver's Petition for Interpleader is here DISMISSED; and

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

CASE NO. INS-2009-00122
JULY 20, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
AMERIN GUARANTY CORPORATION,
Defendant

FINAL ORDER

Amerin Guaranty Corporation ("Defendant"), a foreign corporation domiciled in the State of Pennsylvania, is licensed to transact the business of insurance in the Commonwealth of Virginia.

By Impairment Order entered herein June 3, 2009, the Defendant was ordered to eliminate the impairment in its surplus and restore the same to at least $3,000,000 and advise the State Corporation Commission ("Commission") of the accomplishment thereof by affidavit of the Defendant's president or other authorized officer on or before September 4, 2009.

The Defendant was also ordered not to issue any 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.

The Defendant's March 31, 2010 Quarterly Statement reported surplus in compliance with the minimum requirement of $3,000,000 set forth in § 38.2-1028 of the Code of Virginia.

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

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

Accordingly, IT IS ORDERED THAT:

(1) The Impairment Order entered by the Commission is hereby, VACATED;

(2) This case be, and is hereby, DISMISSED; and

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

CASE NO. INS-2009-00123
FEBRUARY 4, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA,
Defendant

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, in certain instances, has violated §§ 38.2-316 A, 38.2-316 B, and 38.2-316 C 1 of the Code of Virginia by failing to comply with policy and form requirements; violated §§ 38.2-510 A 2, 38.2-510 A 5, and 38.2-510 A 15 of the Code of Virginia by failing to comply with unfair claim settlement practices; violated § 38.2-511 of the Code of

Virginia by failing to maintain a complete complaint register; violated §§ 38.2-1812 A, 38.2-1822 A, and 38.2-1833 A 1 of the Code of Virginia by failing to comply with agent licensing requirements; violated §§ 38.2-3405 B, 38.2-3407.1 B, 38.2-3407.4 A, 38.2-3407.15 B 1, 38.2-3407.15 B 2, 38.2-3407.15 B 3, 38.2-3407.15 B 4, 38.2-3407.15 B 4 a (ii) (c), 38.2-3407.15 B 4 a (ii) (d), 38.2-3407.15 B 5, 38.2-3407.15 B 6, 38.2-3407.15 B 7, 38.2-3407.15 B 8, 38.2-3407.15 B 9, 38.2-3407.15 B 10, 38.2-3407.15 B 11, and 38.2-3407.15 C of the Code of Virginia by failing to comply with the provisions relating to accident and sickness insurance; violated §§ 38.2-5804 A, 38.2-5804 A 1, 38.2-5804 A 2, and 38.2-5804 C of the Code of Virginia by failing to comply with the requirements of the complaint system for MCHIPs; and violated 14 VAC 5-400-50 A, 14 VAC 5-400-60 A, 14 VAC 5-400-60 B, 14 VAC 5-400-70 A, and 14 VAC 5-400-70 B by failing to properly handle claims.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of Sixty-two Thousand Dollars ($62,000), waived its right to a hearing, agreed to the entry by the Commission of a cease and desist order, and agreed to comply with the Corrective Action Plan contained in the Market Conduct Examination Report as of June 30, 2007.

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

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

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 cease and desist from any future conduct which constitutes a violation of §§ 38.2-316 A, 38.2-316 B, 38.2-316 C 1, 38.2-510 A 2, 38.2-510 A 5, 38.2-510 A 15, 38.2-511, 38.2-1812 A, 38.2-1822 A, 38.2-1833 A 1, 38.2-3405 B, 38.2-3407.1 B, 38.2-3407.4 A, 38.2-3407.15 B 1, 38.2-3407.15 B 2, 38.2-3407.15 B 3, 38.2-3407.15 B 4, 38.2-3407.15 B 4 a (ii) (c), 38.2-3407.15 B 4 a (ii) (d), 38.2-3407.15 B 5, 38.2-3407.15 B 6, 38.2-3407.15 B 7, 38.2-3407.15 B 8, 38.2-3407.15 B 9, 38.2-3407.15 B 10, 38.2-3407.15 B 11, 38.2-3407.15 C, 38.2-5804 A, 38.2-5804 A 1, 38.2-5804 A 2, or 38.2-5804 C of the Code of Virginia, or 14 VAC 5-400-50 A, 14 VAC 5-400-60 A, 14 VAC 5-400-60 B, 14 VAC 5-400-70 A, or 14 VAC 5-400-70 B; and

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

CASE NO. INS-2009-00152
FEBRUARY 19, 2010

PETITION OF
ROSALIE M. LOVELACE

For review of Shenandoah Life Insurance Company Deputy Receiver's Determination of Appeal

FINAL ORDER

On February 12, 2009, the Circuit Court of the City of Richmond entered an order appointing the State Corporation Commission ("Commission") as Receiver of Shenandoah Life Insurance Company ("Shenandoah" or "Company"). In addition, on February 12, 2009, the Commission, by Order Appointing Deputy Receiver for Conservation and Rehabilitation ("Order Appointing Deputy Receiver"), appointed Alfred W. Gross, Commissioner of the Commission's Bureau of Insurance as Deputy Receiver, in accordance with Title 38.2, Chapter 15 of the Code of Virginia. Pursuant to his grant of authority, the Deputy Receiver in his Second Directive of Deputy Receiver Adopting Receivership Appeal Procedure established appeal procedures for appeals or challenges of any decision made by the Deputy Receiver with respect to claims against Shenandoah.

On June 26, 2009, Rosalie M. Lovelace ("Petitioner") filed a Petition for Review ("Petition") with the State Corporation Commission contesting the Deputy Receiver's denial of her "Hardship Request" made in connection with Shenandoah Life Policy No. 002045417.

By Order dated July 10, 2009, 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 July 22, 2009.

On July 21, 2009, the Deputy Receiver filed his Answer to the Petition and asked that the Petition be denied.

By Hearing Examiner's Ruling dated August 31, 2009, a telephonic hearing was scheduled for September 30, 2009.

On September 30, 2009, a telephonic hearing was conducted as scheduled. John O. Cox, Esquire, appeared as counsel to the Commission. Robert A. Dybing, Esquire, appeared as counsel to the Deputy Receiver. Ms. Lovelace appeared *pro se*.

In the Notice of Appeal, the Petitioner acknowledged receiving a check for surrendering her life insurance policy. At the hearing, the Petitioner testified that she and her husband have several medical issues which have caused them financial hardship.[1]

[1] Petitioner's Exhibit 1; Tr. at 8-11.

Donald Beatty, Senior Counsel in the Commission's Office of General Counsel and receivership manager for Shenandoah, testified as to the terms of the Order Appointing Deputy Receiver. Specifically, Mr. Beatty testified that paragraph 12(e) of the Order Appointing Deputy Receiver orders Shenandoah to cease payment of policy loans, cash or surrender values, surrenders, and similar payments.[2] Mr. Beatty further testified that paragraph 13(b) of the Order Appointing Deputy Receiver authorizes the Deputy Receiver to implement a hardship exemption from the moratorium on policy loans, cash or surrender values, surrenders, and similar payments.[3] Mr. Beatty confirmed that prior to establishing the hardship exemption, the Deputy Receiver consulted with outside legal counsel, accounting and investment consultants, as well as the Company's Chief Financial Officer and in-house actuary. Mr. Beatty maintained that the 70% limit was established to preserve the Company's ability to pay claims and continuing business expenses.

On December 17, 2009, the Hearing Examiner reconvened the hearing in this matter. During this hearing the Petitioner testified that she understood the difference between taking a loan on her whole life policy and opting to surrender her policy but did not realize Shenandoah was paying only 70% of her cash value. The Petitioner could not make payments on a policy loan and her only option was to surrender the policy.[4]

On January 7, 2010, the Hearing Examiner issued his Report in which he found that the moratorium on the cash surrender of policies, balanced with a 70% payout in hardship cases, is a prudent and reasonable approach to managing the Company's resources. The Hearing Examiner recommended that the Petition be dismissed, and the Deputy Receiver's Determination of Appeal be affirmed.

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

Accordingly, IT IS ORDERED THAT:

1. The Deputy Receiver's Determination of Appeal in connection with Shenandoah Life Policy No. 002045417 is hereby AFFIRMED;

2. The Petition of Rosalie M. Lovelace for review of the Deputy Receiver's Determination of Appeal is hereby DISMISSED; and

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

[2] *Commonwealth of Virginia, At the Relation of the State Corporation Commission v. Shenandoah Life Insurance Company*, Case No. INS-2009-00032, Order Appointing Deputy Receiver for Conservation and Rehabilitation (February 12, 2009).

[3] *Id.*

[4] Tr. at 33-38.

CASE NO. INS-2009-00154
JANUARY 19, 2010

PETITION OF
JUANITA B. JONES

For review of Shenandoah Life Insurance Company Deputy Receiver's Determination of Appeal

FINAL ORDER

On February 12, 2009, the Circuit Court of the City of Richmond entered an order appointing the State Corporation Commission ("Commission") as Receiver of Shenandoah Life Insurance Company ("Shenandoah" or "Company"). In addition, on February 12, 2009, the Commission, by Order Appointing Deputy Receiver for Conservation and Rehabilitation ("Order Appointing Deputy Receiver"), appointed Alfred W. Gross, Commissioner of the Commission's Bureau of Insurance, as Deputy Receiver in accordance with Title 38.2, Chapter 15, of the Code of Virginia. Pursuant to his grant of authority, the Deputy Receiver, in his Second Directive of Deputy Receiver Adopting Receivership Appeal Procedure, established appeal procedures for appeals or challenges of any decision made by the Deputy Receiver with respect to claims against Shenandoah.

On June 29, 2009, Juanita B. Jones ("Petitioner") filed a Petition for Review ("Petition") with the State Corporation Commission contesting the Deputy Receiver's denial of her "Hardship Request" made in connection with Shenandoah Life Policy No. 000958911.[1]

By Order dated July 24, 2009, 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 August 31, 2009.

On August 24, 2009, the Deputy Receiver filed his Answer to the Petition and asked that the Petition be denied.

By Hearing Examiner's Ruling dated September 1, 2009, a telephonic hearing was scheduled for October 8, 2009.

On October 5, 2009, Shenandoah filed a Motion for Continuance. In its Motion, Shenandoah asked that the hearing in this case be continued until after the Commission decided identical issues in Case No. INS-2009-00152, *Petition of Rosalie M. Lovelace, For Review of Shenandoah Life Insurance Company Deputy Receiver's Determination of Appeal*. Shenandoah maintained that it would promote judicial efficiency if the hearing in this matter was continued pending the resolution of Case No. INS-2009-00152. In a Hearing Examiner's Ruling dated October 6, 2009, the motion was denied.

[1] Ms. Jones' filing was titled Notice of Appeal.

On October 8, 2009, a telephonic hearing was conducted as scheduled. John O. Cox, Esquire, appeared as counsel to the Commission. Robert A. Dybing, Esquire, appeared as counsel to the Deputy Receiver. Ms. Jones appeared *pro se*.

In the Notice of Appeal, the Petitioner acknowledged receiving a check for surrendering her life insurance policy representing 70% of the cash surrender value of the policy but maintained she should have received 100% of the cash surrender value of the policy. At the hearing, the Petitioner testified that she has several medical issues and she surrendered her policy in order to get all of her money. The Petitioner's husband also testified to the financial difficulties they were having.

Donald Beatty, Esquire, senior counsel in the Commission's Office of General Counsel and receivership manager for Shenandoah, testified as to the day-to-day operations of the company and its efforts to be rehabilitated. Additionally, Mr. Beatty testified as to the terms of the Order Appointing Deputy Receiver. Specifically, Mr. Beatty testified that paragraph 12(e) of the Order Appointing Deputy Receiver orders Shenandoah to cease payment of policy loans, cash or surrender values, surrenders, and similar payments.[2] Mr. Beatty further testified that paragraph 13(b) of the Order Appointing Deputy Receiver authorizes the Deputy Receiver to implement a hardship exemption from the moratorium on policy loans, cash or surrender values, surrenders, and similar payments.[3] Mr. Beatty confirmed that prior to establishing the hardship exemption, the Deputy Receiver consulted with outside legal counsel, accounting and investment consultants, as well as the Company's Chief Financial Officer and in-house actuary. Mr. Beatty maintained that the 70% limit was established to preserve the Company's ability to pay claims and continuing business expenses.

On December 2, 2009, the Hearing Examiner issued his Report in which he found that the moratorium on the cash surrender of policies, balanced with a 70% payout in hardship cases, is a prudent and reasonable approach to managing the Company's resources. The Hearing Examiner recommended that the Petition be dismissed, and the Deputy Receiver's Determination of Appeal be affirmed.

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

Accordingly, IT IS ORDERED THAT:

1. The Deputy Receiver's Determination of Appeal in connection with Shenandoah Life Policy No. 000958911 is hereby AFFIRMED;

2. The Petition of Juanita B. Jones for review of the Deputy Receiver's Determination of Appeal is hereby DISMISSED; and

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

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[2] *Commonwealth of Virginia, At the Relation of the State Corporation Commission v. Shenandoah Life Insurance Company*, Case No. INS-2009-00032, Order Appointing Deputy Receiver for Conservation and Rehabilitation (Feb. 12, 2009).

[3] *Id.*

CASE NO. INS-2009-00180
FEBRUARY 1, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
FINANCIAL GUARANTY INSURANCE COMPANY,
Defendant

ORDER SUSPENDING LICENSE

In an Order to Take Notice entered herein December 28, 2009, Financial Guaranty Insurance Company, a New York corporation ("Defendant") licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, was ordered to take notice that the Commission would enter an order subsequent to January 18, 2010, suspending the license of the Defendant to transact new business unless on or before January 18, 2010, the Defendant filed with the Clerk of the Commission a request for a hearing before the Commission to contest the proposed suspension of the Defendant's license.

The Order to Take Notice was entered due to the Defendant's failure to eliminate the impairment in its surplus and restore the same to at least $3,000,000 and advise the Commission of the accomplishment thereof by affidavit of the Defendant's president or other authorized officer on or before November 16, 2009.

As of the date of this Order, the Defendant has not filed a request to be heard before the Commission with respect to the proposed suspension of the Defendant's license.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 38.2-1040 of the Code of Virginia, the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia is hereby SUSPENDED;

(2) The Defendant shall issue no new contracts or policies of insurance in the Commonwealth of Virginia until further order of the Commission;

(3) The appointments of the Defendant's agents to act on behalf of the Defendant in the Commonwealth of Virginia are hereby SUSPENDED;

(4) The Defendant's agents shall transact no new insurance business on behalf of the Defendant in the Commonwealth of Virginia until further order of the Commission;

(5) The Bureau of Insurance shall cause an attested copy of this Order to be sent to each of the Defendant's agents appointed to act on behalf of the Defendant in the Commonwealth of Virginia as notice of the suspension of such agent's appointment; and

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

CASE NO. INS-2009-00186
JANUARY 19, 2010

PETITION OF
GHULAM NASEER

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

ORDER

On October 14, 1994, the Circuit Court of the City of Richmond, Virginia, entered an Order appointing the State Corporation Commission ("Commission") the Receiver of HOW Insurance Company ("HOWIC"), Home Warranty Corporation ("HWC"), and Home Owners Warranty Corporation ("HOW") (collectively, "HOW Companies" or "HOW"). The receivership order granted the Commission the authority to proceed with the rehabilitation or liquidation of the HOW Companies and established a receivership appeal procedure ("RAP") to govern appeals and challenges to decisions rendered by the Receiver or the Receiver's duly authorized representatives.

On August 14, 2009, Ghulam Naseer ("Petitioner") filed a Petition for Review ("Petition") with the Clerk of the Commission contesting the Deputy Receiver's Determination of Appeal in Claim No. 4209113.

By Order dated August 31, 2009, 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 October 1, 2009.

On September 30, 2009, the Deputy Receiver filed a Motion to Dismiss and Answer to Petition for Review ("Motion to Dismiss"), and a Memorandum in Support of Motion to Dismiss Petition for Review. In his Motion to Dismiss, the Deputy Receiver contends that the Petitioner failed to assert a claim on which relief under the HOW Program may be granted and should be dismissed based on the following: (i) the Petitioner filed this instant claim on August 19, 2008, more than four years after the expiration of all HOW Program coverage on March 31, 2004. Specifically, the HOW Insurance/Warranty Document states that claims must be reported not more than 30 days after the expiration of the applicable coverage term.[1] Thus, the claim is time-barred and the applicable grace period has expired; and (ii) the Petitioner is barred from making a claim with respect to the alleged defects inasmuch as the Petitioner executed a release and accepted a settlement payment.

By Hearing Examiner's Ruling dated September 30, 2009, the Petitioner was directed to file any response to the Motion to Dismiss on or before October 16, 2009.

On October 12, 2009, the Petitioner filed a Motion for Extension of Time to Respond to the Deputy Receiver's Motion to Dismiss, which was granted by a Hearing Examiner's Ruling dated October 14, 2009. The Petitioner was directed to respond to the Motion to Dismiss on or before October 30, 2009.

On October 30, 2009, the Petitioner filed an Answer to Motion to Dismiss ("Answer") and a Memorandum in Support of Answer to Motion to Dismiss ("Petitioner's Memorandum"). In the Petitioner's Memorandum, he asserts, among other things, that: (i) the Petitioner's claim for defects described in his Petition for review is not time-barred since it originated in a claim that was filed in 2003; and (ii) the Petitioner's execution of the 2003 release/settlement did not extinguish his current claim for structural damage on the left side of his dwelling.

On December 10, 2009, Howard P. Anderson, Jr., issued his Report and made the following findings and recommendations:

(1) There is no material fact in question.

(2) The Petitioner's claim was reported more than four years after all HOW Program coverage, including the applicable grace period, had expired and, therefore, is time-barred under the terms of the policy.

(3) The Petitioner signed a full and complete release of the HOW Companies from any further liability regarding the foundation of the Petitioner's home.

(4) The Deputy Receiver's Motion to Dismiss should be granted.

[1] HOW Insurance/Warranty Document, Part IC., p. 20.

(5) The Deputy Receiver's Determination of Appeal in Claim No. 4209113 should be affirmed.

(6) The Petition for Review should be dismissed with prejudice.

Upon consideration of the record herein and the Report of the Hearing Examiner, the Commission is of the opinion, and so finds, that the findings and recommendations of the Hearing Examiner should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The Deputy Receiver's Motion to Dismiss is hereby GRANTED;

(2) The Petition of Ghulam Naseer for review of the Deputy Receiver's Determination of Appeal is hereby DENIED;

(3) The Determination of Appeal in Claim No. 4209113 issued by the Deputy Receiver is hereby AFFIRMED; and

(4) The case is DISMISSED with prejudice, and the papers herein are passed to the file for ended causes.

CASE NO. INS-2009-00195
FEBRUARY 26, 2010

PETITION OF
RUTH A. HOHENSTEIN

For review of Shenandoah Life Insurance Company Deputy Receiver's Determination of Appeal

FINAL ORDER

On February 12, 2009, the Circuit Court of the City of Richmond entered an order appointing the State Corporation Commission ("Commission") as Receiver of Shenandoah Life Insurance Company ("Shenandoah" or "Company"). In addition, on February 12, 2009, the Commission, by Order Appointing Deputy Receiver for Conservation and Rehabilitation ("Order Appointing Deputy Receiver"), appointed Alfred W. Gross, Commissioner of the Commission's Bureau of Insurance as Deputy Receiver, in accordance with Title 38.2, Chapter 15 of the Code of Virginia. Pursuant to his grant of authority, the Deputy Receiver in his Second Directive of Deputy Receiver Adopting Receivership Appeal Procedure established appeal procedures for appeals or challenges of any decision made by the Deputy Receiver with respect to claims against Shenandoah.

On August 25, 2009, Ruth A. Hohenstein ("Petitioner") filed a Petition for Review ("Petition") with the Commission contesting the Deputy Receiver's denial of her "Hardship Request" made in connection with Shenandoah Life Policy No. 000720645. Additionally, on August 25, 2009, the Petitioner's husband filed a Petition with the Commission contesting the Deputy Receiver's denial of his "Hardship Request" made in connection with Shenandoah Life Policy No. 00717285.

By Order dated August 31, 2009, 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 October 1, 2009.

On September 24, 2009, the Deputy Receiver filed his Answer to the Petition and asked that the Petition be denied.

By Hearing Examiner's Ruling dated October 9, 2009, an evidentiary hearing was scheduled for December 2, 2009, via telephone conference call for the purpose of receiving testimony and evidence on the Petition.

On December 2, 2009, a hearing was convened as scheduled. The Petitioner failed to appear, was contacted, and had difficulty calling the telephone conference call number from outside of the country. The hearing was continued until December 14, 2009.

On December 14, 2009, a hearing was conducted as scheduled. John O. Cox, Esquire, appeared as counsel to the Commission. The Petitioner and her husband appeared via telephone. Robert A. Dybing, Esquire, appeared as counsel to the Deputy Receiver.

At the hearing, the Petitioner and her husband established their financial hardship and their need for the remaining cash value of their life insurance policies. Additionally, the Petitioner and her husband reiterated their need for the remaining cash value of their life insurance policies in order to pay outstanding obligations to the Internal Revenue Service and to offset household expenses. The Petitioner stated that she and her husband had requested the surrender of their life insurance policies prior to Shenandoah being placed in receivership.

Donald Beatty, Senior Counsel in the Commission's Office of General Counsel and Receivership Manager for Shenandoah, testified as to the day-to-day operations of the Company and its efforts to be rehabilitated. Additionally, Mr. Beatty testified as to the terms of the Order Appointing Deputy Receiver. Specifically, Mr. Beatty testified that paragraph 12(e) of the Order Appointing Deputy Receiver orders Shenandoah to cease payment of policy loans, cash or surrender values, surrenders, and similar payments.[1] Mr. Beatty further testified that paragraph 13(b) of the Order Appointing Deputy Receiver authorizes the Deputy Receiver to implement a hardship exemption from the moratorium on policy loans, cash or surrender values, surrenders, and similar payments.[2] Mr. Beatty confirmed that prior to establishing the hardship exemption, the Deputy Receiver consulted with outside legal counsel,

[1] *Commonwealth of Virginia, At the Relation of the State Corporation Commission v. Shenandoah Life Insurance Company*, Case No. INS-2009-00032, Order Appointing Deputy Receiver for Conservation and Rehabilitation (February 12, 2009).

[2] *Id*.

accounting and investment consultants, as well as the Company's Chief Financial Officer and in-house actuary. Mr. Beatty maintained that the 70% limit was established to preserve the Company's ability to pay claims and continuing business expenses.

On January 5, 2010, the Hearing Examiner issued his Report in which he found that the moratorium on the cash surrender of policies, balanced with a 70% payout in hardship cases, is a prudent and reasonable approach to managing the Company's resources. The Hearing Examiner recommended that the Petition be dismissed, and the Deputy Receiver's Determination of Appeal be affirmed.

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

Accordingly, IT IS ORDERED THAT:

1. The Deputy Receiver's Determination of Appeal in connection with Shenandoah Life Policy No. 000720645 is hereby AFFIRMED;

2. The Petition for Review of Ruth A. Hohenstein is hereby DISMISSED; and

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

CASE NO. INS-2009-00196
FEBRUARY 26, 2010

PETITION OF
JOSEPH HOHENSTEIN

For review of Shenandoah Life Insurance Company Deputy Receiver's Determination of Appeal

FINAL ORDER

On February 12, 2009, the Circuit Court of the City of Richmond entered an order appointing the State Corporation Commission ("Commission") as Receiver of Shenandoah Life Insurance Company ("Shenandoah" or "Company"). In addition, on February 12, 2009, the Commission, by Order Appointing Deputy Receiver for Conservation and Rehabilitation ("Order Appointing Deputy Receiver"), appointed Alfred W. Gross, Commissioner of the Commission's Bureau of Insurance as Deputy Receiver, in accordance with Title 38.2, Chapter 15 of the Code of Virginia. Pursuant to his grant of authority, the Deputy Receiver in his Second Directive of Deputy Receiver Adopting Receivership Appeal Procedure established appeal procedures for appeals or challenges of any decision made by the Deputy Receiver with respect to claims against Shenandoah.

On August 25, 2009, Joseph Hohenstein ("Petitioner") filed a Petition for Review ("Petition") with the Commission contesting the Deputy Receiver's denial of his "Hardship Request" made in connection with Shenandoah Life Policy No. 00717285. Additionally, on August 25, 2009, the Petitioner's wife filed a Petition with the Commission contesting the Deputy Receiver's denial of her "Hardship Request" made in connection with Shenandoah Life Policy No. 000720645.

By Order dated August 31, 2009, 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 October 1, 2009.

On September 24, 2009, the Deputy Receiver filed his Answer to the Petition and asked that the Petition be denied.

By Hearing Examiner's Ruling dated October 9, 2009, an evidentiary hearing was scheduled for December 2, 2009, via telephone conference call for the purpose of receiving testimony and evidence on the Petition.

On December 2, 2009, a hearing was convened as scheduled. The Petitioner failed to appear, was contacted, and had difficulty calling the telephone conference call number from outside of the country. The hearing was continued until December 14, 2009.

On December 14, 2009, a hearing was conducted as scheduled. John O. Cox, Esquire, appeared as counsel to the Commission. The Petitioner and his wife appeared via telephone. Robert A. Dybing, Esquire, appeared as counsel to the Deputy Receiver.

At the hearing, the Petitioner and his wife established their financial hardship and their need for the remaining cash value of their life insurance policies. Additionally, the Petitioner and his wife reiterated their need for the remaining cash value of their life insurance policies in order to pay outstanding obligations to the Internal Revenue Service and to offset household expenses. The Petitioner stated that he and his wife had requested the surrender of their life insurance policies prior to Shenandoah being placed in receivership.

Donald Beatty, Senior Counsel in the Commission's Office of General Counsel and receivership manager for Shenandoah, testified as to the day-to-day operations of the Company and its efforts to be rehabilitated. Additionally, Mr. Beatty testified as to the terms of the Order Appointing Deputy Receiver. Specifically, Mr. Beatty testified that paragraph 12(e) of the Order Appointing Deputy Receiver orders Shenandoah to cease payment of policy loans, cash or surrender values, surrenders, and similar payments.[1] Mr. Beatty further testified that paragraph 13(b) of the Order Appointing Deputy Receiver authorizes the Deputy Receiver to implement a hardship exemption from the moratorium on policy loans, cash or surrender values, surrenders, and similar payments.[2] Mr. Beatty confirmed that prior to establishing the hardship exemption, the Deputy Receiver consulted with outside legal counsel,

[1] *Commonwealth of Virginia, At the Relation of the State Corporation Commission v. Shenandoah Life Insurance Company*, Case No. INS-2009-00032, Order Appointing Deputy Receiver for Conservation and Rehabilitation (February 12, 2009).

[2] *Id.*

accounting and investment consultants, as well as the Company's Chief Financial Officer and in-house actuary. Mr. Beatty maintained that the 70% limit was established to preserve the Company's ability to pay claims and continuing business expenses.

On January 5, 2010, the Hearing Examiner issued his Report in which he found that the moratorium on the cash surrender of policies, balanced with a 70% payout in hardship cases, is a prudent and reasonable approach to managing the Company's resources. The Hearing Examiner recommended that the Petition be dismissed, and the Deputy Receiver's Determination of Appeal be affirmed.

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

Accordingly, IT IS ORDERED THAT:

1. The Deputy Receiver's Determination of Appeal in connection with Shenandoah Life Policy No. 00717285 is hereby AFFIRMED;

2. The Petition for Review of Joseph Hohenstein is hereby DISMISSED; and

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

CASE NO. INS-2009-00206
OCTOBER 1, 2010

PETITION OF
CHAMAN L. AND JYOTI KAUL

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

ORDER

On October 14, 1994, the Circuit Court of the City of Richmond, Virginia, entered an Order appointing the State Corporation Commission ("Commission") the Receiver of HOW Insurance Company, Home Warranty Corporation, and Home Owners Warranty Corporation (collectively, "HOW"). The receivership Order granted the Commission the authority to proceed with the rehabilitation or liquidation of the HOW companies and established a receivership appeal procedure to govern appeals and challenges to decisions rendered by the Receiver or the Receiver's duly authorized representatives. The receivership is now being liquidated after more than fifteen years and all outstanding claims are to be resolved and closed.

On September 8, 2009, Chaman L. Kaul and Jyoti Kaul ("Petitioners") first filed a Petition with the Commission contesting the Deputy Receiver's Determination of Appeal in Claim No. 0765243. In their Petition, among other things, the Petitioners sought payment from HOW for foundation damage observed in 1994 that they alleged was a continuation of the original damage that they claimed in 1992. The damage in 1992 was repaired and the Petitioners signed a release and settlement in December 1994. Additionally, the Petitioners claimed to have no record of having received five (5) checks paid to them pursuant to the December 1994 settlement agreement.

By Order dated September 16, 2009, the Petition was docketed and the Deputy Receiver was directed to file an Answer or other responsive pleading on or before October 19, 2009.

On October 19, 2009, 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 contends that the claim was not filed timely with HOW and that the Petitioners are barred from making a claim with respect to the alleged defect in their home because they executed a release and accepted a settlement payment for this claim.

On October 20, 2009, the Hearing Examiner issued a ruling directing the Petitioners to file any response to the Deputy Receiver's Motion on or before November 13, 2009. On November 13, 2009, the Petitioners filed a response to the Deputy Receiver's Motion in which they requested that the Motion be denied and this matter be set for hearing on the merits. On January 8, 2010, the Hearing Examiner issued a ruling setting a procedural schedule and setting this matter for hearing.

On May 26, 2010, a hearing was convened in this matter. Chaman L. Kaul appeared *pro se* in person. Joseph N. West, Esquire, and Robert Glarza, Esquire, appeared telephonically as counsel to the Deputy Receiver. Donald C. Beatty, Esquire, appeared as counsel to the Commission.

At the hearing, Mr. Kaul testified on his own behalf. Mr. Kaul described the damage to his house and the efforts made to repair the house. Mr. Kaul stated that cracks in the foundation of his home led him to file a claim with HOW. Mr. Kaul testified that the engineers hired by HOW were instructed by the company to submit a repair estimate not to exceed $3,500. The estimated cost of repair was One Thousand Four Hundred One Dollars ($1,401), and HOW issued a settlement check to the Petitioners in that amount.

Mr. Kaul stated that the repairs performed by the contractor were insufficient to correct the problems with the foundation and that following the repairs, he discovered more damage to the house. Mr. Kaul testified that he informed HOW of this damage verbally and that on October 5, 1992, he informed HOW of the damage to the house in writing. The Petitioners' position is that this is a continuation of the original claim and was therefore filed before the expiration of warranty coverage.

Mr. Kaul stated that an independent engineer had provided a repair estimate on the house that was the subject of his October 5, 1992, letter to HOW. The engineer's report estimated that the cost to repair the foundation of the Petitioner's house was between $12,000 and $18,000. The engineer's report further stated that the repairs performed previously on the house did not adequately address the problems with the home's foundation.

The Deputy Receiver presented the testimony of Susan Roehm, assistant to the Deputy Receiver and custodian of records for HOW. Ms. Roehm testified that the Petitioners' warranty coverage expired on August 31, 1992, and that the last date for filing claims under the warranty was September 29, 1992. Ms. Roehm testified that the Petitioners' initial warranty claim was timely received by HOW on April 6, 1992, and as part of the settlement of the claim, the Petitioners executed a release of liability in favor of HOW.

Ms. Roehm confirmed that the Petitioners' second claim regarding damage to their home that was not repaired by the contractor used during the first claim was received on October 17, 1992. Ms. Roehm testified that because this claim was received after the expiration of the coverage on September 29, 1992, it was denied.

On July 22, 2010, the Hearing Examiner issued his report. In his report, the Hearing Examiner made the following findings and recommendations:

(1) The Petitioners' claim filed on October 17, 1992, was not a continuation of the original claim filed on April 6, 1992, because the Petitioners had executed a release in favor of HOW regarding the initial claim;

(2) The claim filed on October 17, 1992, was filed with HOW after the expiration of coverage;

(3) The Deputy Receiver's Determination of Appeal in Claim No. 0765243 should be affirmed.

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

Accordingly, IT IS ORDERED THAT:

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

(2) The Petition of Chaman L. and Jyoti Kaul for review of the Deputy Receiver's Determination of Appeal is hereby DENIED.

(3) The Determination of Appeal in Claim No. 0765243 issued by the Deputy Receiver is hereby AFFIRMED.

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

CASE NO. INS-2009-00212
JANUARY 7, 2010

COMMONWEALTH OF VIRGINIA *ex rel.*
STATE CORPORATION COMMISSION
Applicant,
v.
RECIPROCAL OF AMERICA
and
THE RECIPROCAL GROUP,
Respondents.

Re: Confidential Settlement Agreements

FINAL ORDER APPROVING DEPUTY RECEIVER'S SETTLEMENTS WITH GENERAL REINSURANCE CORPORATION, MILLIMAN, INC., PRICEWATERHOUSECOOPERS LLP, WACHOVIA BANK, NATIONAL ASSOCIATION, MISSOURI HOSPITAL PLAN, HOSPITAL SERVICES GROUP, HEALTHCARE SERVICES GROUP, PROVIDERS INSURANCE CONSULTANTS, AND MEDICAL LIABILITY ALLIANCE

On September 17, 2009, Alfred W. Gross, as Deputy Receiver ("Deputy Receiver") of Reciprocal of America ("ROA") and The Reciprocal Group ("TRG") (collectively, the "Companies"), filed with the Clerk of the State Corporation Commission ("Commission") his Application for Orders Setting Contingent Hearing, Approving Notice Procedures, Establishing Response Date, and Approving Deputy Receiver's Settlements with General Reinsurance Corporation, Milliman, Inc., PricewaterhouseCoopers LLP, Wachovia Bank, National Association, Missouri Hospital Plan, Hospital Services Group, Healthcare Services Group, Providers Insurance Consultants, and Medical Liability Alliance ("Application") seeking, *inter alia,* that the Commission enter a final order approving: (a) a confidential mediated settlement among the Deputy Receiver, General Reinsurance Corporation ("General Re"), Milliman, Inc. ("Milliman"), and PricewaterhouseCoopers LLP ("PwC") ("General Re-Milliman-PwC Settlement"); (b) a confidential settlement between the Deputy Receiver and Wachovia Bank, National Association ("Wachovia") ("Wachovia Settlement"); and (c) a confidential settlement between the Deputy

Receiver and the Missouri Hospital Plan, the Hospital Services Group, Healthcare Services Group, Providers Insurance Consultants, and Medical Liability Alliance (collectively, "MHP") ("MHP Settlement"), and making certain requested findings, all as described in the Application.[1]

PROCEDURAL HISTORY

1. On January 29, 2003, in Case No. CH03-135 styled *Commonwealth of Virginia ex rel. State Corporation Commission v. Reciprocal of America, The Reciprocal Group, and Jody M. Wagner, Treasurer of Virginia*, the Circuit Court of the City of Richmond, Virginia, entered its Final Order Appointing Receiver for Rehabilitation or Liquidation ("Receivership Order"), appointing the Commission permanent Receiver of the Companies. The Receivership Order also appointed the Deputy Receiver.

2. Pursuant to the terms of the Receivership Order, the Deputy Receiver was authorized, *inter alia,* to institute and prosecute in his name or in the name of the Companies any and all suits and other legal proceedings including, but not limited to, the prosecution of any action which may exist on behalf of the Companies and their subscribers, members, insureds, policyholders, or creditors. In addition, the Receivership Order granted the Deputy Receiver the power to compromise such suits, legal proceedings, or claims on such terms and conditions as may be deemed appropriate.

3. On June 20, 2003, the Commission ordered that, *inter alia,* ROA and TRG be found and declared to be insolvent and that the Deputy Receiver proceed with the liquidation of ROA and TRG in accordance with the provisions of Title 38.2, Chapter 15 of the Virginia Code, other applicable Virginia law, and the Commission's order, subject to further orders of the Commission.[2]

4. On November 12, 2003, as authorized by the Receivership Order, the Deputy Receiver instituted legal proceedings styled *Alfred W. Gross v. General Reinsurance Corporation, et al.*, Case No. 3:03cv955, in the United States District Court for the Eastern District of Virginia, which the United States Judicial Panel on Multidistrict Litigation subsequently transferred to the United States District Court for the Western District of Tennessee for pre-trial proceedings as part of Multidistrict Litigation Docket No. 1551 ("MDL-1551"), where the case is now pending as Case No. 04-CV-2313 ("ROA Lawsuit").

5. Among the defendants in the ROA Lawsuit are General Re, Milliman, PwC, and Wachovia (collectively, "Settling Defendants"), as well as General Re employees Tommy N. Kellogg ("Kellogg"), Thomas M. Reindel ("Reindel"), and Victoria J. Seeger ("Seeger"), Milliman employee Robert L. Sanders ("Sanders"), and PwC partner Gary Stephani ("Stephani").

6. In the ROA Lawsuit, the Deputy Receiver asserts claims belonging to the Companies for the benefit of the Companies' policyholders, insureds, and other creditors and asserts claims on behalf of subscribers, members, insureds, policyholders, or creditors of the Companies that are common to them and result from the insolvency of the Companies, or are derivative claims, in that they involve injury to policyholders and creditors only insofar as the underlying conduct violated some legal duty to ROA, thereby decreasing the assets of the estate to which policyholders and creditors must look for satisfaction of their debts (collectively, "ROA Lawsuit Claims").

7. Subsequent to the ROA Lawsuit, Milliman asserted an action for interpleader against ROA in *Milliman USA, Inc. v. Alfred W. Gross. et al.*, Case No. 2:07-CV-02662 (W.D. Tenn.), and General Re filed a petition to compel arbitration against ROA in *General Reinsurance Corporation v. Alfred W. Gross. et al.,* Case No. 2:07-CV-02615 (W.D. Tenn.). Although both of those cases are pending in the same court as MDL-1551, neither of those cases has been made part of MDL-1551.

8. MHP also brought claims against, *inter alia,* Gen Re, Milliman, and Wachovia, now pending in MDL-1551 as *Missouri Hospital Plan. et al. v. Doctors Insurance Reciprocal, et al.*, Case No. 04-CV-2294 (W.D. Tenn.) ("MHP Lawsuit"). In addition, MHP asserted claims against ROA in the ROA receivership proceeding.

9. By his Application filed on September 17, 2009, the Deputy Receiver informed the Commission that he had entered into the Settlements and requested the Commission's approval of the Settlements and the Settlement Agreements, which would resolve all claims between the Deputy Receiver and General Re, Milliman, PwC, Wachovia, Kellogg, Reindel, Seeger, Sanders, Stephani, and MHP.

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[1] The General Re-Milliman-PwC Settlement is effectuated by a confidential mediated settlement agreement among the Deputy Receiver, General Re, Milliman, and PwC ("General Re-Milliman-PwC Settlement Agreement"), and a separate confidential mediated trust agreement between the Deputy Receiver and General Re ("General Re Settlement Trust Agreement").

The Wachovia Settlement is effectuated by a confidential settlement agreement between the Deputy Receiver and Wachovia ("Wachovia Settlement Agreement").

The MHP Settlement is effectuated by a confidential settlement agreement between the Deputy Receiver and MHP ("MHP Settlement Agreement").

Concurrently with the filing of the Application and pursuant to Commission Rule of Practice and Procedure 5 VAC 5-20-170 (*Confidential information*), the Deputy Receiver filed a motion for protective order relating to the General Re-Milliman-PwC Settlement Agreement, the General Re Settlement Trust Agreement, the Wachovia Settlement Agreement and the MHP Settlement Agreement (collectively, "Settlement Agreements" which effectuate the three "Settlements").

All four of the Settlement Agreements include certain conditions precedent, common among which is the requirement of a final order of the Commission approving the Deputy Receiver entering into the settlement agreement according to its terms.

[2] *Commonwealth of Virginia, ex rel. State Corporation Commission, Applicant, v. Reciprocal of America and The Reciprocal Group, Respondents*, Case No. INS-2003-00024, 2003 SCC Ann. Rpt. 116, Order of Liquidation with a Finding of Insolvency and Directing the Cancellation of Direct Insurance Policies (June 20, 2003).

10. On October 1, 2009, the District of Columbia Insurance Guaranty Association, Georgia Insurers Insolvency Pool, Indiana Insurance Guaranty Association, Kansas Insurance Guaranty Association, Maryland Property & Casualty Insurance Guaranty Association, Mississippi Insurance Guaranty Association, Missouri Property & Casualty Guaranty Association, North Carolina Insurance Guaranty Association, Pennsylvania Property & Casualty Insurance Guaranty Association, South Carolina Property & Casualty Insurance Guaranty Association, Tennessee Insurance Guaranty Association and Virginia Property and Casualty Insurance Guaranty Association ("Guaranty Associations") filed Limited Opposition of Guaranty Associations to Application to Approve Proposed Settlements and Motion for Entry of Protective Order Regarding Proposed Settlements. The Deputy Receiver filed a Reply to the Guaranty Associations Limited Opposition on October 16, 2009. On October 20, 2009, the Guaranty Associations filed a Notice of Withdrawal of Limited Opposition to Approve Proposed Settlements and Entry of Protective Order Regarding Proposed Settlements.

11. On November 16, 2009, Appalachian Regional Healthcare, Hardin Memorial Hospital, Highlands Regional Medical Center, Murray-Calloway County Hospital, Owensboro Mercy Health System, Regional Medical Center/Trover Clinic Foundation, T.J. Samson Community Hospital ("Kentucky Hospitals"), filed a Contingent Objection to the Application to Approve Proposed Settlements. The Deputy Receiver filed a Reply on December 2, 2009. On December 7, 2009, a Scheduling Order was entered ordering the Kentucky Hospitals to file any response it may have to the Deputy Receiver's Reply. On December 11, 2009, the Kentucky Hospitals filed a Response to the Deputy Receiver's Reply. In that Response the Kentucky Hospitals withdrew their Contingent Objection.

12. Pursuant to the Commission's October 6, 2009, Order Setting Contingent Hearing on Application for Approval of Deputy Receiver's Settlements with General Reinsurance Corporation, Milliman, Inc., PricewaterhouseCoopers LLP, Wachovia Bank, National Association, Missouri Hospital Plan, Hospital Services Group, Healthcare Services Group, Providers Insurance Consultants, and Medical Liability Alliance, Approving Notice Procedures and Establishing Response Date ("October 6th Order"), no hearing was held because those persons who filed objections to the Application ("Notice of Objection") withdrew their objections and no other persons filed a Notice of Objection.[3]

NOW THE COMMISSION, having considered the Application, hereby makes the following findings:

1. The Deputy Receiver has exclusive standing to prosecute and compromise the settled claims, including the ROA Lawsuit Claims.

2. The Settlements and the Settlement Agreements are fair and reasonable to, and in the best interests of, ROA's policyholders and ROA's and TRG's creditors.

3. The Wachovia Settlement Agreement settles and compromises all claims which have been, were, or could have been asserted or alleged by ROA, TRG, their receivership estate, the Commission, the Deputy Receiver, and any additional or further deputy receivers or special deputy receivers for ROA or TRG and any party on whose behalf the Deputy Receiver asserted claims in the ROA Lawsuit including, but not limited to, the ROA Lawsuit Claims.

4. MHP's release of Proofs of Claim Numbers 1219, 1235, 1236, 1237, and 1238, pursuant to the MHP Settlement, is given to the Deputy Receiver in good faith.

5. The Deputy Receiver's payment of consideration to MHP, pursuant to the MHP Settlement, is an expense of administration for purposes of § 38.2-1509 of the Code of Virginia.

THEREFORE, IT IS ORDERED THAT:

1. Each of the Settlements is APPROVED.

2. The Deputy Receiver's entering into each of the Settlement Agreements, according to its terms, is APPROVED.

3. This matter is dismissed and the papers herein be passed to the file for ended cases.

Commissioner Jagdmann did not participate in this matter.

[3] On November 18, 2009, the Deputy Receiver filed timely proof of notice in compliance with the October 6th Order.

CASE NO. INS-2009-00225
MARCH 17, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

Ex Parte: In the matter of Adopting Amendments to the Rules Governing Surplus Lines Insurance

ORDER ADOPTING AMENDMENTS TO RULES

By Order to Take Notice entered December 17, 2009, all interested persons were ordered to take notice that subsequent to February 1, 2010, the State Corporation Commission ("Commission") would consider the entry of an order adopting proposed amendments to the regulations entitled Rules Governing Surplus Lines Insurance ("Regulations"), proposed by the Bureau of Insurance ("Bureau") which amend the Regulations at 14 VAC 5-350-30, 14 VAC 5-350-90, 14 VAC 5-350-100, 14 VAC 5-350-160, and 14 VAC 5-350-165, unless on or before February 1, 2010, any person objecting to the adoption of the proposed amendments to the Regulations filed a request for a hearing with the Clerk of the Commission ("Clerk"). The Bureau also recommended that Forms SLB 1, SLB 4, SLB 6, and SLB 10 be deleted and Forms 3001 and 4052 be added.

The Order to Take Notice also required all interested persons to file their comments in support of or in opposition to the proposed amendments to the Regulations on or before February 1, 2010.

There were no comments on the proposed amendments to the Regulations filed with the Clerk. There was no request for a hearing filed with the Clerk.

The Bureau does not recommend further changes to the proposed amendments to the Regulations, and further recommends that the amendments to the Regulations be adopted as proposed.

THE COMMISSION, having considered the Bureau's recommendation, is of the opinion that the attached proposed amendments to the Regulations should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The proposed amendments to the Regulations entitled Rules Governing Surplus Lines Insurance at 14 VAC 5-350-30, 14 VAC 5-350-90, 14 VAC 5-350-100, 14 VAC 5-350-160, and 14 VAC 5-350-165 which are attached hereto and made a part hereof, should be, and they are hereby, ADOPTED to be effective April 1, 2010.

(2) AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to the Bureau of Insurance in care of Deputy Commissioner Brian P. Gaudiose, who forthwith shall give further notice of the adoption of the amendments to the Regulations by mailing a copy of this Order, including a clean copy of the attached final amended Regulations, to all licensed group self-insurance associations, local government group self-insurance pools and certain interested parties designated by the Bureau.

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

(4) The Bureau shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of Ordering Paragraph (2) above.

NOTE: A copy of Attachment A entitled "Rules Governing Surplus Lines 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-2009-00225
MARCH 19, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

Ex Parte: In the matter of Adopting Amendments to the Rules Governing Surplus Lines Insurance

CORRECTING ORDER

In an Order Adopting Amendments to Rules ("Order") entered herein March 17, 2010, ordering paragraph 2 requires that a copy of the Order, including a clean copy of the attached final amended Regulations, be sent to all licensed group self-insurance associations, local government group self-insurance pools and certain interested parties designated by the Bureau. The correct language, however, should require that a copy of the Order, including a clean copy of the attached final amended Regulations, be sent to all licensed surplus lines brokers.

Accordingly, IT IS ORDERED THAT:

(1) Ordering paragraph 2 shall be corrected to read: "AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to the Bureau of Insurance in care of Deputy Commissioner Brian P. Gaudiose, who forthwith shall give further notice of the adoption of the amendments to the Regulations by mailing a copy of this Order, including a clean copy of the attached final amended Regulations, to all licensed surplus lines brokers."

(2) All other provisions of the Order to Take Notice entered March 17, 2010, shall remain in full force and effect.

CASE NO. INS-2009-00227
JULY 30, 2010

PETITION OF
SHIRLEY RUTH W. GIBSON

For review of Shenandoah Life Insurance Company Deputy Receiver's Determination of Appeal

FINAL ORDER

On February 12, 2009, the Circuit Court of the City of Richmond entered an order appointing the State Corporation Commission ("Commission") as Receiver of Shenandoah Life Insurance Company ("Shenandoah" or "Company"). In addition, on February 12, 2009, the Commission, by Order Appointing Deputy Receiver for Conservation and Rehabilitation, appointed Alfred W. Gross, Commissioner for the Commission's Bureau of Insurance, as Deputy Receiver, in accordance with Title 38.2, Chapter 15 of the Code of Virginia.[1] Pursuant to his grant of authority, the Deputy Receiver, in his Second Directive of Deputy Receiver Adopting Receivership Appeal Procedure, established appeal procedures for appeals or challenges of any decision made by the Deputy Receiver with respect to claims made against Shenandoah.

In the Order Appointing Deputy Receiver, the Commission imposed a moratorium which required Shenandoah to "cease the payment of policy loans, cash or surrender values, surrenders, fund transfers, lapses, cash-outs and similar payments," etc.[2] The Commission's Order Appointing Deputy Receiver also authorized the Deputy receiver to "implement a procedure for the exemption from any such . . . moratorium . . . those hardship claims, as he may define them, that he, in his sole discretion, deems proper under the circumstances."[3]

The Deputy Receiver adopted a Hardship Policy for exemptions to the current and any future moratorium, and determined that the Hardship Policy would be limited to persons showing an immediate need for funds.[4] In addition, the Deputy Receiver determined that hardship exemptions would be limited to a maximum of 70% of the cash surrender value or policy loan value in order to conserve Shenandoah's cash reserves and maintain liquidity during the Receivership.[5]

On October 9, 2009, Shirley Ruth W. Gibson ("Petitioner") filed a Petition for Review ("Petition") with the Commission contesting the Deputy Receiver's partial denial of her Hardship Request made in connection with Shenandoah Life Policy No. 001050124.

By Order dated October 14, 2009, 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 November 16, 2009.

On November 6, 2009, the Petitioner filed additional documentation to support her hardship claim, including letters from a physician, a family friend, her employer, and a pastor.

On November 12, 2009, the Deputy Receiver filed his Answer and asked that the Petition be denied. In his Answer, the Deputy Receiver stated that the Petitioner's request for a hardship exemption was not fully granted due to her failure to present evidence of a current financial hardship.

By Hearing Examiner's Ruling dated February 3, 2010, an evidentiary hearing was scheduled for February 26, 2010, via telephone conference for the purpose of receiving testimony and evidence on the Petition.

On February 11, 2010, the Deputy Receiver filed a list of witnesses and exhibits to be introduced during the telephonic hearing.

On February 26, 2010, a hearing was held in this matter. The Petitioner appeared *pro se*. Robert A. Dybing, Esquire, appeared as counsel to the Deputy Receiver. John O. Cox, Esquire, appeared as counsel to the Commission.

At the hearing, the Petitioner testified as to the circumstances that led her to apply for a Hardship Exemption. The Petitioner further testified that she did not provide the Deputy Receiver with any past due bills, bank statements, or documentation of her household income.

Donald Beatty, Esquire, senior counsel in the Commission's Office of General Counsel and receivership manager for Shenandoah, testified as to the day-to-day operations of the Company and its efforts to be rehabilitated. Additionally, Mr. Beatty testified as to the terms of the Order Appointing Deputy Receiver. Specifically, Mr. Beatty testified that paragraph 12(e) of the Order Appointing Deputy Receiver orders Shenandoah to cease payment of policy loans, cash or surrender values, surrenders, and similar payments.[6] Mr. Beatty further testified that paragraph 13(b) of the Order Appointing Deputy Receiver authorizes the Deputy Receiver to implement a hardship exemption from the moratorium on policy loans, cash or surrender values, surrenders, and similar payments.[7] Mr. Beatty confirmed that prior to establishing the hardship exemption, the Deputy Receiver consulted with outside legal counsel,

[1] *Commonwealth of Virginia, at the Relation of the State Corporation Commission v. Shenandoah Life Insurance Company,* Case No. INS-2009-00032, Order Appointing Deputy Receiver for Conservation and Rehabilitation (February 12, 2009) ("Order Appointing Deputy Receiver").

[2] *Id.* at paragraph 12(e).

[3] *Id.* at paragraph 13(b).

[4] Deputy Receiver's Answer at 1.

[5] *Id.* at 7-8.

[6] Transcript at 41-42.

[7] *Id*. at 42.

accounting and investment consultants, as well as the Company's Chief Financial Officer and in-house actuary.[8] Mr. Beatty maintained that the 70% limit was established to preserve the Company's ability to pay claims and continuing business expenses.[9]

Mr. Beatty further testified that in order for a policy owner to qualify for hardship relief and exemption from the moratorium, the Deputy Receiver requires evidence of imminent financial need to pay past-due bills, medical bills, past-due taxes, and bills of that nature.[10] Mr. Beatty testified that he did not receive the requested financial information necessary to grant the Petitioner's hardship request.[11]

On March 26, 2010, the Hearing Examiner issued a Hearing Examiner's Report finding that the Petitioner has a hardship. The Hearing Examiner's Report recommended that the Commission enter an Order adopting the finding that the Petitioner has a hardship, reversing the Deputy Receiver's Determination of Appeal, and directing the Deputy Receiver to pay the Petitioner 70% of the cash value of her annuity.[12]

On April 7, 2010, the Petitioner filed comments to the report requesting that the funds from her annuity be sent directly to her financial institution.

On April 15, 2010, the Deputy Receiver filed his Objections to Report of Hearing Examiner ("Objections"). In his Objections, the Deputy Receiver contended that the Petitioner, while deserving of sympathy, did not sufficiently demonstrate a financial hardship.[13]

The Deputy Receiver further asserted that the Order Appointing Deputy Receiver vested him with the "sole discretion" to adopt exemptions from the moratorium, and that the standard of review applicable to this matter should be whether the Deputy Receiver abused his discretion in the Determination of Appeal.[14]

NOW THE COMMISSION, upon consideration of the record herein, is of the opinion and finds that the Petitioner's Petition for Review is denied and the Deputy Receiver's Determination of Appeal is affirmed.

The Petitioner is definitely deserving of our sympathy. She tried to provide for the expenses of her retirement through her own savings, in this case, by purchasing an annuity from Shenandoah.

Through absolutely no fault of her own, her retirement plans were disrupted and damaged when Shenandoah's financial condition deteriorated and it was forced to ask this Commission to place it into receivership.

We agree with the Deputy Receiver that the appropriate standard of review in this proceeding is whether the Deputy Receiver abused his discretion in his Determination of Appeal. As sympathetic as we are to the Petitioner's plight, we cannot find on the facts of this case that the Deputy Receiver abused his discretion. That is the legal burden that the Petitioner must reach, and we do not find that she has met the legal standard necessary to show that the Deputy Receiver abused his discretion.

If the Petitioner's financial situation changes, the Petitioner is free to re-apply for a Hardship Exemption. The dismissal of this claim does not preclude the Petitioner from filing another Hardship Exemption request if her financial circumstances change for the worse.

The optimal outcome for this Petitioner, as well as all of the thousands of others similarly situated, is for the Deputy Receiver to be successful in his efforts to find a buyer for Shenandoah that will maximize the recovery of all policy owners. That is the goal.

Accordingly, IT IS ORDERED THAT:

(1) The Petitioner's Petition for Review is hereby DENIED;

(2) The Deputy Receiver's Determination of Appeal is hereby AFFIRMED;

(3) The Petition of Shirley Ruth W. Gibson for review of Deputy Receiver's Determination of Appeal is hereby DISMISSED; and

(4) The papers herein are passed to the file for ended causes.

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[8] *Id.* at 43.

[9] *Id.* at 44-45.

[10] *Id.* at 42.

[11] *Id.* at 45-46.

[12] Hearing Examiner's Report at 5-6.

[13] Objections at 1.

[14] *Id.* at 5.

CASE NO. INS-2009-00244
JANUARY 11, 2010

PETITION OF
BARBARA H. JANISAITIS

For review of Shenandoah Life Insurance Company Deputy Receiver's Determination of Appeal

FINAL ORDER

On February 12, 2009, the Circuit Court of the City of Richmond entered an order appointing the State Corporation Commission ("Commission") as Receiver of Shenandoah Life Insurance Company ("Shenandoah"). In addition, the order appointed Alfred W. Gross, Commissioner of the Commission's Bureau of Insurance as Deputy Receiver, in accordance with Title 38.2, Chapter 15 of the Code of Virginia. Pursuant to his grant of authority, the Deputy Receiver in his Second Directive of Deputy Receiver Adopting Receivership Appeal Procedure established appeal procedures for appeals or challenges of any decision made by the Deputy Receiver with respect to claims against Shenandoah.

On October 20, 2009, Barbara H. Janisaitis ("Petitioner") filed a Petition for Review ("Petition") with the State Corporation Commission contesting the Deputy Receiver's denial of her "Hardship Request" made in connection with Shenandoah Life Policy No. 001044791.

On December 7, 2009, the Petitioner and Shenandoah, by counsel, filed a joint motion to dismiss this matter without prejudice. In support of their motion the parties stated that they have resolved the issues raised by the Petitioner. The parties have requested that this matter be dismissed without prejudice.

On December 9, 2009, the Hearing Examiner issued his report in this matter. In his report the Hearing Examiner granted the joint motion to dismiss and recommended that the Commission enter and Order adopting the findings of his report and passing the papers herein to the file for ended causes.

NOW THE COMMISSION, upon consideration of the record herein, is of the opinion that this matter should be dismissed.

Accordingly, IT IS ORDERED THAT:

(1) The Joint Motion to Dismiss is hereby GRANTED;

(2) The Petition for Review of Barbara H. Janisaitis is hereby DISMISSED without prejudice; and

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

CASE NO. INS-2009-00248
FEBRUARY 2, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
NORTH CAROLINA MUTUAL LIFE INSURANCE COMPANY,
Defendant

CONSENT ORDER

North Carolina Mutual Life Insurance Company ("Defendant") is a foreign corporation domiciled in the State of North Carolina and licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia. By Order To Take Notice entered herein on November 4, 2009, the Defendant was ordered to take notice that the Commission would enter an order subsequent to November 12, 2009, suspending the license of the Defendant to transact the business of insurance in Virginia unless on or before November 12, 2009, the Defendant requested a hearing before the Commission regarding the proposed suspension of its license.

By letter of Richard C. Barnes, the Defendant's Corporate Secretary, dated November 9, 2009, and received by the Clerk of the Commission on November 12, 2009, the Defendant requested a hearing in this matter.

By affidavit of James H. Speed, Jr., the Defendant's President and Chief Executive Officer, dated January 13, 2010, and received by the Commission's Bureau of Insurance ("Bureau") on January 22, 2010, the Defendant consented to the entry of an order prohibiting it from soliciting or issuing any new insurance policies or contracts in the Commonwealth of Virginia until further Order of the Commission.

In light of the foregoing, the Bureau has recommended that this Consent Order be entered in this matter.

THE COMMISSION, having considered the record herein and the recommendation of the Bureau of Insurance, is of the opinion that a Consent Order should be entered.

Accordingly, IT IS ORDERED THAT the Defendant shall issue no new contracts or policies of insurance in the Commonwealth of Virginia until further Order of the Commission.

CASE NO. INS-2009-00249
JANUARY 7, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

Ex Parte: In the matter of Adopting Amendments to the Rules Governing Settlement Agents

ORDER ADOPTING AMENDMENTS TO RULES

By Order to Take Notice ("Order") entered herein November 12, 2009, all interested persons were ordered to take notice that subsequent to December 21, 2009, the State Corporation Commission ("Commission") would consider the entry of an order adopting amendments proposed by the Bureau of Insurance ("Bureau") to the Commission's "Rules Governing Settlement Agents" set forth in Chapter 395 of Title 14 of the Virginia Administrative Code unless on or before December 21, 2009, any person objecting to the adoption of the proposed amendments filed a request for hearing with the Clerk of the Commission ("Clerk").

The Order also required all interested persons to file their comments in support of or in opposition to the proposed amendments on or before December 21, 2009.

No comments or requests for a hearing were filed with the Clerk.

THE COMMISSION, having considered the proposed amendments, is of the opinion that the attached amendments to the Rules should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The proposed amendments to Chapter 395 of Title 14 of the Virginia Administrative Code entitled "Rules Governing Settlement Agents," which are to be published in Chapter 395 of Title 14 of the Virginia Administrative Code, amended at 14 VAC 5-395-30 and 14 VAC 5-395-40, which are attached hereto and made a part hereof, should be, and they are hereby, ADOPTED to be effective January 25, 2010.

(2) AN ATTESTED COPY hereof, shall be sent by the Clerk of the Commission to the Bureau in care of Deputy Commissioner Brian P. Gaudiose, who forthwith shall give further notice of the adoption of the amendments to the Rules by mailing a copy of this Order, including a clean copy of the attached final amended Rules, to all licensed title insurance companies and other interested parties designated by the Bureau.

(3) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, including a copy of the amended Rules, to be forwarded to the Virginia Register of Regulations for appropriate publication in the Virginia Register of Regulations and shall make this Order and the attached amended Rules available on the Commission's website, http://www.scc.virginia.gov/caseinfo.htm.

(4) The Bureau of Insurance shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of paragraph (2) of this Order.

NOTE: A copy of Attachment A entitled "Rules Governing Settlement Agents" 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-2009-00250
SEPTEMBER 10, 2010

PETITION OF
FRANK P. HUSSEY

For review of Shenandoah Life Insurance Company Deputy Receiver's Determination of Appeal

FINAL ORDER

On February 12, 2009, the Circuit Court of the City of Richmond entered an order appointing the State Corporation Commission ("Commission") as Receiver of Shenandoah Life Insurance Company ("Shenandoah" or "Company"). In addition, on February 12, 2009, the Commission, by Order Appointing Deputy Receiver for Conservation and Rehabilitation ("Order Appointing Deputy Receiver"), appointed Alfred W. Gross, Commissioner of the Commission's Bureau of Insurance as Deputy Receiver, in accordance with Title 38.2, Chapter 15 of the Code of Virginia. Pursuant to his grant of authority, the Deputy Receiver in his Second Directive of Deputy Receiver Adopting Receivership Appeal Procedure established appeal procedures for appeals or challenges of any decision made by the Deputy Receiver with respect to claims against Shenandoah.

On November 2, 2009, Frank P. Hussey ("Petitioner") filed a Petition for Review ("Petition") with the Commission contesting the Deputy Receiver's denial of his "Hardship Request" made in connection with Shenandoah Life Policy No. 001059082.

By Order dated November 16, 2009, 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 December 17, 2009.

On December 14, 2009, the Deputy Receiver filed his Answer to the Petition and asked that the Petition be denied. In his Answer, the Deputy Receiver stated that the Petitioner's initial request for a hardship exemption was granted, but limited to an annual systematic surrender charge-free

withdrawal of ten percent (10%) of the accumulated value of his annuity as long as total payments did not exceed seventy percent (70%) of the cash surrender or non-forfeiture of his policy. The Petitioner has challenged the determination, and instead seeks the full cash surrender of his policy.

By Chief Hearing Examiner's Ruling dated March 9, 2010, an evidentiary hearing was scheduled for May 12, 2010, via telephone conference call for the purpose of receiving testimony and evidence on the Petition.

On March 24, 2010, the Deputy Receiver filed a list of witnesses and exhibits to be introduced during the telephonic hearing.

On May 12, 2010, a hearing was conducted as scheduled. John O. Cox, Esquire, appeared as counsel to the Commission. The Petitioner appeared *pro* se, via telephone. Robert A. Dybing, Esquire, appeared as counsel to the Deputy Receiver.

At the hearing, the Petitioner explained his financial hardship and his need for the remaining cash value of his life insurance policy. The Petitioner explained that while he paid all of his bills in a timely manner, he had to depend on loans from family and friends to do so. Additionally, the Petitioner stated that he would gladly pay a surrender charge in order to receive his money.

Donald Beatty, Esquire, senior counsel in the Commission's Office of General Counsel and receivership manager for Shenandoah, testified as to the day-to-day operations of the company and its efforts to be rehabilitated. Additionally, Mr. Beatty testified as to the terms of the Order Appointing Deputy Receiver. Specifically, Mr. Beatty testified that paragraph 12(e) of the Order Appointing Deputy Receiver orders Shenandoah to cease payment of policy loans, cash or surrender values, surrenders, and similar payments.[1] Mr. Beatty further testified that paragraph 13(b) of the Order Appointing Deputy Receiver authorizes the Deputy Receiver to implement a hardship exemption from the moratorium on policy loans, cash or surrender values, surrenders, and similar payments.[2] Mr. Beatty confirmed that prior to establishing the hardship exemption, the Deputy Receiver consulted with outside legal counsel, accounting and investment consultants, as well as the Company's Chief Financial Officer and in-house actuary. Mr. Beatty maintained that the seventy percent (70%) limit was established to preserve the Company's ability to pay claims and continuing business expenses. Mr. Beatty also explained that the Petitioner could reapply for the hardship exemption if his circumstances changed and he was not able to pay his bills as they came due.

On July 28, 2010, the Chief Hearing Examiner issued her Report in which she found that: (i) the Petitioner failed to show that he had imminent financial need necessary to qualify for a hardship exemption to allow full cash surrender of his policy; (ii) the Deputy Receiver's Determination of Appeal should be affirmed; and (iii) the Petition should be dismissed without prejudice in order to allow the Petitioner the opportunity to reapply for a hardship request if he has information at a later date that would compel the full cash surrender of his policy.

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

Accordingly, IT IS ORDERED THAT:

(1) The Deputy Receiver's Determination of Appeal in connection with Shenandoah Life Policy No. 001059082 is hereby AFFIRMED;

(2) The Petition of Frank P. Hussey for review of Deputy Receiver's Determination of Appeal is hereby DISMISSED without prejudice; and

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

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[1] *Commonwealth of Virginia, At the Relation of the State Corporation Commission v. Shenandoah Life Insurance Company*, Case No. INS-2009-00032, Order Appointing Deputy Receiver for Conservation and Rehabilitation (February 12, 2009).

[2] *Id*.

CASE NO. INS-2009-00251
MARCH 9, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
WOODOLPH ROMEO,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated subsections 1 and 9 of § 38.2-1831 of the Code of Virginia by providing materially incorrect, misleading, incomplete or untrue information in his license application filed with the Commission, 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 of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letters dated September 29, 2009, and November 4, 2009, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated subsections 1 and 9 of § 38.2-1831 of the Code of Virginia by providing materially incorrect, misleading, incomplete or untrue information in his license application filed with the Commission, and by having been convicted of a felony.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to sixty (60) days from the date of this Order;

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2009-00253
JANUARY 8, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
HOLE-IN-WON.COM, LLC d/b/a HOLE-IN-WON.COM,
GOLF MARKETING WORLDWIDE, LLC d/b/a GOLF MARKETING, LLC,
KEVIN KOLENDA,
and
TIM KIRCHOFF,
Defendants

JUDGMENT ORDER

By Order entered herein on November 24, 2009, the Defendants were ordered to take notice that the State Corporation Commission ("Commission") would enter a Judgment Order subsequent to December 15, 2009, permanently enjoining the Defendants from transacting the business of insurance in the Commonwealth of Virginia, unless on or before December 15, 2009, the Defendants filed with the Clerk of the Commission a responsive pleading and a request for a hearing. The Order was based on allegations by the Bureau of Insurance ("Bureau") that the Defendants violated § 38.2-1024 of the Code of Virginia by offering and selling hole-in-one insurance coverage to Virginia residents without being properly licensed to transact the business of insurance in the Commonwealth of Virginia.

As of the date of this Order, the Defendants have failed to file a responsive pleading to object to the entry of a Judgment Order, nor have they requested a hearing.

Accordingly, IT IS ORDERED THAT:

(1) Defendants Hole-in-Won.com LLC d/b/a Hole-in-Won.com, Golf Marketing Worldwide, LLC d/b/a Golf Marketing, LLC, Kevin Kolenda, and Tim Kirchoff be, and they are hereby, permanently enjoined from transacting the business of insurance in the Commonwealth of Virginia; and

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

CASE NO. INS-2009-00259
JANUARY 4, 2010

PETITION OF
ANTHEM HEALTH PLANS OF VIRGINIA, INC.,
HEALTHKEEPERS, INC.,
PENINSULA HEALTH CARE, INC.,
and
PRIORITY HEALTH CARE, INC.,

Petition of Anthem Health Plans of Virginia, Inc., Healthkeepers, Inc., Peninsula Health Care, Inc., and Priority Health Care, Inc., for approval to provide utilization management and case management for members receiving benefits under a Medicare Supplement plan from locations outside of Virginia

FINAL ORDER

On November 16, 2009, Anthem Health Plans of Virginia, Inc., HealthKeepers, Inc., Peninsula Health Care Inc., and Priority Health Care, Inc. (collectively, "Anthem") filed a Petition under Rule 5 VAC 5-20-80 of the State Corporation Commission's ("Commission") Rules of Practice and Procedure and the Final Order entered in Case No. INS-2007-00141.[1] In the Final Order, the Commission continued the requirement that Anthem cause the following services to be provided from offices located in Virginia: claims processing and case management, customer service, quality management, provider services, medical management, and network development. The Commission permitted Anthem to provide the following services from offices located outside of the Commonwealth of Virginia: actuarial, underwriting, marketing, community relations, distribution management, and sales. In the Final Order, the Commission also provided that if Anthem seeks to provide any of the aforementioned services currently required to be provided from offices located inside of Virginia, it should seek permission from the Commission by filing a petition ". . . setting forth a specific and detailed proposal for providing such services out of state, including specific and detailed information on *how* and *where* Anthem will provide such services, as well as safeguards for ensuring adequate levels of service."[2]

In the Petition, Anthem requests approval of the Commission to provide utilization management and case management for members receiving benefits under a Medicare Supplement plan from locations outside of Virginia.

According to Anthem:

(1) Currently, medical management utilization review and case management for Anthem's Medicare Supplement membership is performed by one full-time nurse in Virginia. Anthem does not seek to reduce or eliminate the work of this Virginia-based reviewer. Anthem is seeking approval to allow similarly trained personnel outside of Virginia to perform reviews. Alternative locations currently include nursing staff in Georgia and Wisconsin. The current Virginia workload does not justify the need to hire additional staff in Virginia to support it, but there is at times more work than one reviewer can handle alone. Moreover, support for periods of time when the Virginia reviewer is absent is needed.

(2) The engagement of reviewers located outside of Virginia will not change how providers and members interact with Anthem for utilization review of claims and case management. The assignment of reviewers occurs within Anthem's internal work flow, and the methodology by which time frames and standards of review are managed by Anthem would not change whether a case is retained by the Virginia-based reviewer or assigned to someone in another state. The level and speed of connectivity is no different between Anthem's in-state and out-of-state reviewers since both types are on the same internal communication network and have access to the same databases of information.

(3) Anthem believes utilization review of claims and case management services will not be degraded by having professional-level review services performed outside of Virginia. A larger stable of reviewers is expected to enhance the timeliness of review and reduce delay associated with the absence of local reviewers. The services will be conducted in accordance with both Virginia insurance and Department of Health regulations regardless of location.

As an ancillary matter, this Petition also seeks approval for the nursing staff that provides utilization review and case management services outside of Virginia to members to also be able to provide incidental customer and provider service functions in order that the member and the provider can be served to the extent possible by one telephone call, rather than having to be transferred around the Company for such incidental services. Examples of such incidental services include a member's request for an ID card, or information about other Anthem services, or a member's or provider's request for the status of a submitted claim.

(4) The relief sought by this Petition does not include relief to allow utilization review and case management services for Virginia customers from locations outside of the United States.

Finally, Anthem represents that it has provided an advance draft of the Petition to the Division of Consumer Counsel, Office of the Attorney General, the Medical Society of Virginia ("MSV"), and the Virginia Dental Association. Anthem stated that MSV has authorized Anthem to include in the Petition a representation that MSV does not object to the Petition.

On November 30, 2009, the Commission entered a Scheduling Order, in which it stated that "[i]f there is no opposition to the Petition, the Commission may grant the Petition without further proceedings."[3]

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[1] *Petition of Anthem Health Plans of Virginia, Inc., HealthKeepers, Inc., Priority Health Care, Inc., Peninsula Health Care, Inc., WellPoint, Inc., Anthem Southeast, Inc., For Amendment of Final Order in Case. No. INS-2002-00131,* Case No. INS-2007-00141, 2007 SCC Ann. Rpt. 114, Final Order (Aug. 9, 2007) ("Final Order").

[2] Final Order at 8, ¶4.

[3] Scheduling Order at 2.

On December 10, 2009 the Bureau filed its Response to the Petition. The Bureau states that it does not oppose the relief requested by Petitioners.

NOW THE COMMISSION, having considered the Petition and the Bureau's Response thereto, finds the Petition should be granted.

Anthem's request is limited and we also note the absence of public comments on the Petition as well as the fact that MSV does not oppose the Petition.

THEREFORE, IT IS ORDERED THAT:

(1) Anthem's Petition is GRANTED.

(2) That when seeking utilization management and case management for members receiving benefits under a Medicare Supplement plan, Anthem is permitted to supplement its current Virginia-based reviewers with review organizations located outside of Virginia but within the United States.

(3) Anthem nursing staff that provides utilization review and case management services outside of Virginia to members may also provide incidental customer and provider service functions in order that members and providers can be served to the extent possible by one telephone call. Examples of incidental services include a member's request for an ID card, or information about other Anthem services, or a member's provider's request for the status of a submitted claim.

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

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

CASE NO. INS-2009-00260
JANUARY 11, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
METROPOLITAN LIFE INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, in certain instances, has violated §§ 38.2-503 and 38.2-514 B of the Code of Virginia by engaging in unfair trade practices; and violated §§ 38.2-3115 B, 38.2-3407.1 B, and 38.2-3407.4 A of the Code of Virginia, as well as 14 VAC 5-400-40 A, 14 VAC 5-400-50 A, 14 VAC 5-400-60 A, 14 VAC 5-400-60 B, 14 VAC 5-400-70 B, and 14 VAC 5-400-70 D by engaging in unfair settlement claims practices.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of Eight Thousand Dollars ($8,000), waived its right to a hearing, agreed to the entry by the Commission of a cease and desist order, and agreed to comply with the Corrective Action Plan contained in the Market Conduct Examination Report as of June 30, 2007.

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

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

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 cease and desist from any future conduct which constitutes a violation of §§ 38.2-503, 38.2-514 B, 38.2-3115 B, 38.2-3407.1 B or 38.2-3407.4 A of the Code of Virginia or 14 VAC 5-400-40 A, 14 VAC 5-400-50 A, 14 VAC 5-400-60 A, 14 VAC 5-400-60 B, 14 VAC 5-400-70 B, and 14 VAC 5-400-70 D; and

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

CASE NO. INS-2009-00261
JANUARY 13, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
GROUP DENTAL SERVICE OF MARYLAND, INC.,
Defendant

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of a dental plan organization ("DPO") in the Commonwealth of Virginia, in certain instances, has violated §§ 38.2-5803 A 1, 38.2-5803 A 2, 38.2-5805 C 9, and 38.2-6108 A 1 of the Code of Virginia by failing to comply with Managed Care Health Insurance Plan and DPO requirements; violated §§ 38.2-3407.15 B 1, 38.2-3407.15 B 1 b, 38.2-3407.15 B 2, 38.2-3407.15 B 3, 38.2-3407.15 B 4, 38.2-3407.15 B 4 a (ii) (d), 38.2-3407.15 B 5, 38.2-3407.15 B 6, 38.2-3407.15 B 7, 38.2-3407.15 B 8, 38.2-3407.15 B 9, 38.2-3407.15 B 10, 38.2-3407.15 B 11, 38.2-3407.15 C, 38.2-6108 A 5, and 38.2-510 A 15 of the Code of Virginia by failing to comply with the requirements for provider contracts and claims; violated subsection 1 of § 38.2-502 and § 38.2-503 of the Code of Virginia, as well as 14 VAC 5-90-60 B 1, 14 VAC 5-90-130 A, 14 VAC 5-90-160, and 14 VAC 5-90-170 A by failing to comply with advertising requirements; violated §§ 38.2-316 A, 38.2-316 B, 38.2-316 C 1, 38.2-3407.4 A, 38.2-6109.1, 38.2-6109.2, 38.2-6110 A, and 38.2-6110 B of the Code of Virginia by failing to comply with policy and form requirements; violated §§ 38.2-1812 A, 38.2-1822 A, 38.2-1833 A 1, and 38.2-6112 of the Code of Virginia by failing to comply with agent licensing requirements; violated subsection 8 of § 38.2-606 of the Code of Virginia by failing to comply with the requirements of disclosure authorization forms; violated §§ 38.2-510 A 2 and 38.2-3407.1 B of the Code of Virginia, as well as 14 VAC 5-400-50 A, 14 VAC 5-400-60 A, and 14 VAC 5-400-70 B by failing to properly handle claims; and violated § 38.2-3542 C of the Code of Virginia by failing to comply with cancellation and non renewal requirements.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of Thirty-nine Thousand Dollars ($39,000), waived its right to a hearing, agreed to the entry by the Commission of a cease and desist order, and agreed to comply with the Corrective Action Plan contained in the Market Conduct Examination Report as of June 30, 2008.

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

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

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 cease and desist from any future conduct which constitutes a violation of §§ 38.2-5803 A 1, 38.2-5803 A 2, 38.2-5805 C 9, 38.2-6108 A 1, 38.2-3407.15 B 1, 38.2-3407.15 B 1 b, 38.2-3407.15 B 2, 38.2-3407.15 B 3, 38.2-3407.15 B 4, 38.2-3407.15 B 4 a (ii) (d), 38.2-3407.15 B 5, 38.2-3407.15 B 6, 38.2-3407.15 B 7, 38.2-3407.15 B 8, 38.2-3407.15 B 9, 38.2-3407.15 B 10, 38.2-3407.15 B 11, 38.2-3407.15 C, 38.2-6108 A 5, 38.2-510 A 15, subsection 1 of § 38.2-502, 38.2-503, 38.2-316 A, 38.2-316 B, 38.2-316 C 1, 38.2-3407.4 A, 38.2-6109.1, 38.2-6109.2, 38.2-6110 A, 38.2-6110 B, 38.2-1812 A, 38.2-1822 A, 38.2-1833 A 1, 38.2-6112, subsection 8 of § 38.2-606, 38.2-510 A 2, 38.2-3407.1 B or 38.2-3542 C of the Code of Virginia, or 14 VAC 5-90-60 B 1, 14 VAC 5-90-130 A, 14 VAC 5-90-160, 14 VAC 5-90-170 A, 14 VAC 5-400-50 A, 14 VAC 5-400-60 A, or 14 VAC 5-400-70 B; and

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

CASE NO. INS-2009-00264
JULY 20, 2010

PETITION OF
CAROLYN L. MCCRIMMON

For review of Shenandoah Life Insurance Company Deputy Receiver's Determination of Appeal

FINAL ORDER

On February 12, 2009, the Circuit Court of the City of Richmond entered an order appointing the State Corporation Commission ("Commission") as Receiver of Shenandoah Life Insurance Company ("Shenandoah" or "Company"). In addition, on February 12, 2009, the Commission, by Order Appointing Deputy Receiver for Conservation and Rehabilitation ("Order Appointing Deputy Receiver"), appointed Alfred W. Gross, Commissioner for the Commission's Bureau of Insurance, as Deputy Receiver, in accordance with Title 38.2, Chapter 15 of the Code of Virginia. Pursuant to his grant of

authority, the Deputy Receiver, in his Second Directive of Deputy Receiver Adopting Receivership Appeal Procedure, established appeal procedures for appeals or challenges of any decision made by the Deputy Receiver with respect to claims made against Shenandoah.

On November 17, 2009, Carolyn L. McCrimmon ("Petitioner") filed a Petition for Review ("Petition") with the State Corporation Commission contesting the Deputy Receiver's denial of her "Hardship Request" made in connection with Shenandoah Life Policy No. 000748158.

By Order dated November 25, 2009, 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 December 30, 2009.

On December 29, 2009, the Deputy Receiver filed his Answer to the Petition and asked that the Petition be denied. In his Answer, the Deputy Receiver stated that the Petitioner's request for a hardship exemption was denied due to her failure to demonstrate an immediate need for funds that could not be satisfied from other sources.

By Hearing Examiner's Ruling dated March 9, 2010, an evidentiary hearing was scheduled for April 13, 2010, via telephone conference call for the purpose of receiving testimony and evidence on the Petition.

On March 18, 2010, the Deputy Receiver filed a list of witnesses and exhibits to be introduced during the telephonic hearing.

On April 13, 2010, a telephonic hearing was convened as scheduled. The Petitioner appeared *pro se*. Robert A. Dybing, Esquire, appeared as counsel to the Deputy Receiver. John O. Cox, Esquire, appeared as counsel to the Commission.

At the hearing, the Petitioner established her financial hardship by testifying that her expenses exceed her income and that she had filed for bankruptcy. The Petitioner also documented additional expenses and reduction in income related to an injury.

Donald Beatty, Esquire, senior counsel in the Commission's Office of General Counsel and receivership manager for Shenandoah, testified as to the day-to-day operations of the company and its efforts to be rehabilitated. Additionally, Mr. Beatty testified as to the terms of the Order Appointing Deputy Receiver. Specifically, Mr. Beatty testified that paragraph 12(e) of the Order Appointing Deputy Receiver orders Shenandoah to cease payment of policy loans, cash or surrender values, surrenders, and similar payments.[1] Mr. Beatty further testified that paragraph 13(b) of the Order Appointing Deputy Receiver authorizes the Deputy Receiver to implement a hardship exemption from the moratorium on policy loans, cash or surrender values, surrenders, and similar payments.[2] Mr. Beatty confirmed that prior to establishing the hardship exemption, the Deputy Receiver consulted with outside legal counsel, accounting and investment consultants, as well as the Company's Chief Financial Officer and in-house actuary. Mr. Beatty maintained that the 70% limit was established to preserve the Company's ability to pay claims and continuing business expenses.

On May 19, 2010, the Hearing Examiner issued his Report in which he found that the Petitioner has a hardship and recommended that the Commission enter an order adopting his finding, reversing the Deputy Receiver's Decision, and directing the Deputy Receiver to pay the Petitioner 70% of the cash value of her account.

On June 9, 2010, the Deputy Receiver filed Notice to the Hearing Examiner stating that he did not intend to contest the matter further. On June 29, 2010, the Deputy Receiver filed Notice to the Hearing Examiner stating that the Petitioner had been paid 70% of her account value and requesting that this matter be dismissed with prejudice.

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

Accordingly, IT IS ORDERED THAT:

(1) The Deputy Receiver's Determination of Appeal in connection with Shenandoah Life Policy No. 000748158 is hereby REVERSED;

(2) The Petition for Review of Carolyn L. McCrimmon is hereby GRANTED; and

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

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[1] *Commonwealth of Virginia, At the Relation of the State Corporation Commission v. Shenandoah Life Insurance Company*, Case No. INS-2009-00032, Order Appointing Deputy Receiver for Conservation and Rehabilitation (February 12, 2009).

[2] Id.

CASE NO. INS-2009-00265
JULY 23, 2010

PETITION OF
DOROTHY L. BASAR

For review of Shenandoah Life Insurance Company Deputy Receiver's Determination of Appeal

FINAL ORDER

On February 12, 2009, the Circuit Court of the City of Richmond entered an order appointing the State Corporation Commission ("Commission") as Receiver of Shenandoah Life Insurance Company ("Shenandoah" or "Company"). In addition, on February 12, 2009, the Commission, by Order Appointing Deputy Receiver for Conservation and Rehabilitation ("Order Appointing Deputy Receiver"), appointed Alfred W. Gross, Commissioner for the Commission's Bureau of Insurance, as Deputy Receiver, in accordance with Title 38.2, Chapter 15 of the Code of Virginia. Pursuant to his grant of authority, the Deputy Receiver, in his Second Directive of Deputy Receiver Adopting Receivership Appeal Procedure, established appeal procedures for appeals or challenges of any decision made by the Deputy Receiver with respect to claims made against Shenandoah.

On November 17, 2009, Dorothy L. Basar ("Petitioner") filed a Petition for Review ("Petition") with the State Corporation Commission contesting the Deputy Receiver's partial denial of her "Hardship Request" made in connection with Shenandoah Life Policy No. 001045211.

By Order dated November 25, 2009, 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 December 30, 2009.

On December 29, 2009, the Deputy Receiver filed his answer and asked that the Petition be denied. In his Answer, the Deputy Receiver stated that the Petitioner's request for a hardship exemption was not fully granted due to her failure to present evidence of financial hardship sufficient to justify a full cash surrender.

By Hearing Examiner's Ruling dated March 9, 2010, an evidentiary hearing was scheduled for April 14, 2010, via telephone conference call for the purpose of receiving testimony and evidence on the Petition.

On March 17, 2010, the Deputy Receiver filed a list of witnesses and exhibits to be introduced during the telephonic hearing.

On April 14, 2010, a hearing was held in this matter. The Petitioner was unable to appear. Joseph L. Basar, her son, testified on her behalf as her power of attorney. Mr. Basar established the Petitioner's hardship by testifying that the Petitioner resides in a skilled nursing facility and that her monthly expenses exceed her income.

Donald Beatty, Esquire, senior counsel in the Commission's Office of General Counsel and receivership manager for Shenandoah, testified as to the day-to-day operations of the company and its efforts to be rehabilitated. Additionally, Mr. Beatty testified as to the terms of the Order Appointing Deputy Receiver. Specifically, Mr. Beatty testified that paragraph 12(e) of the Order Appointing Deputy Receiver orders Shenandoah to cease payment of policy loans, cash or surrender values, surrenders, and similar payments.[1] Mr. Beatty further testified that paragraph 13(b) of the Order Appointing Deputy Receiver authorizes the Deputy Receiver to implement a hardship exemption from the moratorium on policy loans, cash or surrender values, surrenders, and similar payments.[2] Mr. Beatty confirmed that prior to establishing the hardship exemption, the Deputy Receiver consulted with outside legal counsel, accounting and investment consultants, as well as the Company's Chief Financial Officer and in-house actuary. Mr. Beatty maintained that the 70% limit was established to preserve the Company's ability to pay claims and continuing business expenses.

Mr. Beatty testified that he did not have documentation of income or assets or certain information regarding expenses at the time the Petitioner's hardship request was evaluated.

On June 2, 2010, the Hearing Examiner issued a Hearing Examiner's Ruling directing the Deputy Receiver to reconsider the Petitioner's hardship request in light of the information presented at the hearing.

On June 10, 2010, the Deputy Receiver filed Notice to the Hearing Examiner stating that the Petitioner's request had been reviewed and approved by the Deputy Receiver. The Deputy Receiver also requested that the Hearing Examiner issue a ruling that this matter is now moot because the Petitioner had received the requested relief.

On June 21, 2010, the Hearing Examiner issued a report in which he recommended that the Commission enter an order adopting the finding that the Deputy Receiver's determination that hardship relief is justified and dismissing this case from the docket of active matters.

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

Accordingly, IT IS ORDERED THAT:

(1) The Deputy Receiver's revised determination of appeal is hereby AFFIRMED;

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[1] *Commonwealth of Virginia, At the Relation of the State Corporation Commission v. Shenandoah Life Insurance Company*, Case No. INS-2009-00032, Order Appointing Deputy Receiver for Conservation and Rehabilitation (February 12, 2009).

[2] Id.

(2) The Petition of Dorothy L. Basar for review of Deputy Receiver's Determination of Appeal is hereby DISMISSED; and

(3) The papers herein are passed to the file for ended causes.

CASE NO. INS-2009-00266
OCTOBER 6, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
DORIS OWENS,
Defendant

FINAL ORDER

Based on allegations of the Bureau of Insurance ("Bureau"), on January 28, 2010, the State Corporation Commission ("Commission") issued a Rule to Show Cause against the Defendant Doris Owens ("Owens"). Subsequently, on May 17, 2010, the Commission issued an Amended Rule to Show Cause ("Rule"). Therein, the Bureau alleged that Owens violated § 38.2-1809, 38.2-1813, 38.2-1826 and subsections 1, 3, 6, and 10 of § 38.2-1831 of the Code of Virginia by: (i) failing to retain all records relating to the sale of bail bonds; (ii) misappropriating premium funds and/or failing to remit such funds to the agency in the ordinary course of business; (iii) failing to properly notify the Bureau of an administrative action taken against her by the Department of Criminal Justice Services ("DCJS"); and (iv) providing materially incorrect, misleading, incomplete or untrue information in her health and life annuities applications filed with the Bureau on or about February 11, 2009.

An evidentiary hearing was conducted on June 16, 2010. The Defendant appeared, and being represented by counsel, fully participated in the hearing. The Bureau appeared by counsel. On August 17, 2010, the Hearing Examiner filed 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. Additionally, the Hearing Examiner made a number of findings and recommendations in his Report. Specifically, the Hearing Examiner made the following findings:

(i) The Bureau proved by clear and convincing evidence that the Defendant misappropriated premium funds and/or failed to remit such funds to the agency in the ordinary course of business in violation of § 38.2-1813 A of the Code;

(ii) The Bureau proved by clear and convincing evidence that the Defendant failed to retain all records relating to her sale of bail bonds in violation of § 38.2-1809 B of the Code;

(iii) The Bureau failed to prove by clear and convincing evidence that the Defendant failed to notify the Bureau of the administrative action that was taken against her by DCJS as required by § 38.2-1826 of the Code;

(iv) The Bureau proved by clear and convincing evidence that the Defendant provided materially incorrect, misleading, incomplete, or untrue information in her insurance applications filed with the Bureau on or about February 11, 2009, in violation of subsection 1 of § 38.2-1831 of the Code; and

(v) The Bureau failed to prove by clear and convincing evidence that the Defendant obtained her licenses through misrepresentation or fraud in violation of subsection 3 of § 38.2-1831 of the Code.

Based on his findings, the Hearing Examiner agreed with the Bureau's recommended sanction of revocation of the Defendant's insurance licenses for a period of one (1) year. The Hearing Examiner concluded by recommending that the Commission enter an order adopting his findings and dismissing this case from the Commission's docket of active cases.

On September 7, 2010, the Bureau and the Defendant separately filed their Comments to the Report. The Bureau agreed with the findings and recommendations of the Hearing Examiner. The Defendant's counsel asked that the Commission place her on probation for a period of eighteen (18) to twenty-four (24) months as an alternative to revoking her licenses. Among other things, counsel noted that subsequent to the hearing, the Defendant completed payment to the agent to whom she owed the premiums.

NOW THE COMMISSION, having considered the entire record in this proceeding, including the Report and the Comments thereto, adopts the Hearing Examiner's findings of fact as to the violations of law, but modifies the recommendation concerning the sanction to be imposed. We believe that the Defendant's licenses should be revoked for a period of four (4) months rather than one (1) year; however, should the Defendant elect to reapply for these or any other insurance licenses following the end of the four (4) month revocation period, she shall be placed on probation for a period of thirty-six (36) months. We believe the shorter revocation period is appropriate in light of the Defendant's successful efforts to repay the full amount of premium funds owed. As reflected in the record, we are also cognizant of the significant degree to which the Defendant contributes to her family's household income. However, we also believe our decision to revoke her licenses for some length of time, combined with an extended period of probation, properly takes into account the seriousness of the violations that she was found to have committed.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance in Virginia as an insurance agent be, and the same are hereby, REVOKED, for a period of four (4) months from the date of this Order.

(2) The Defendant shall be placed on probation for a period of thirty-six (36) months beginning on the date, if any, that she obtains an insurance license from the Bureau following the end of the revocation period.

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

CASE NO. INS-2009-00267
JULY 30, 2010

PETITION OF
MARIA LEAHY

For review of Shenandoah Life Insurance Company Deputy Receiver's Determination of Appeal

FINAL ORDER

On February 12, 2009, the Circuit Court of the City of Richmond entered an order appointing the State Corporation Commission ("Commission") as Receiver of Shenandoah Life Insurance Company ("Shenandoah" or "Company"). In addition, on February 12, 2009, the Commission, by Order Appointing Deputy Receiver for Conservation and Rehabilitation, appointed Alfred W. Gross, Commissioner for the Commission's Bureau of Insurance, as Deputy Receiver, in accordance with Title 38.2, Chapter 15 of the Code of Virginia.[1] Pursuant to his grant of authority, the Deputy Receiver, in his Second Directive of Deputy Receiver Adopting Receivership Appeal Procedure, established appeal procedures for appeals or challenges of any decision made by the Deputy Receiver with respect to claims made against Shenandoah.

In the Order Appointing Deputy Receiver, the Commission imposed a moratorium which required Shenandoah to "cease the payment of policy loans, cash or surrender values, surrenders, fund transfers, lapses, cash-outs and similar payments," etc.[2] The Commission's Order Appointing Deputy Receiver also authorized the Deputy Receiver to "implement a procedure for the exemption from any such . . . moratorium . . . those hardship claims, as he may define them, that he, in his sole discretion, deems proper under the circumstances."[3]

The Deputy Receiver adopted a Hardship Policy for exemptions to the current and any future moratorium, and determined that the Hardship Policy would be limited to persons showing an immediate need for funds.[4] In addition, the Deputy Receiver determined that hardship exemptions would be limited to a maximum of 70% of the cash surrender value or policy loan value in order to conserve Shenandoah's cash reserves and maintain liquidity during the Receivership.[5]

On November 13, 2009, Maria Leahy ("Petitioner") filed a Petition for Review ("Petition") with the Commission contesting the Deputy Receiver's partial denial of her Hardship Request made in connection with Shenandoah Life Policy No. 001045433.

By Order dated December 9, 2009, 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 11, 2010.

On January 8, 2010, the Deputy Receiver filed his Answer and asked that the Petition be denied. In his Answer, the Deputy Receiver stated that the Petitioner's request for a hardship exemption was denied due to her failure to demonstrate an immediate and severe financial need that could not be relieved from other sources.

By Hearing Examiner's Ruling dated January 25, 2010, an evidentiary hearing was scheduled for March 5, 2010, via telephone conference for the purpose of receiving testimony and evidence on the Petition.

On January 25, 2010, the Petitioner filed a response to the Deputy Receiver's Answer in which she stated that she had an imminent and severe financial need that forced her to borrow additional funds to meet her obligations.

On February 9, 2010, the Deputy Receiver filed a list of witnesses and exhibits to be introduced during the telephonic hearing.

On March 5, 2010, a hearing was held in this matter. The Petitioner appeared *pro se*. Robert A. Dybing, Esquire, appeared as counsel to the Deputy Receiver. John O. Cox, Esquire, appeared as counsel to the Commission.

At the hearing, the Petitioner testified that her household income exceeds her fixed expenses. The Petitioner further testified that she had liquid assets in excess of the amount requested in her Hardship Request.

Donald Beatty, Esquire, senior counsel in the Commission's Office of General Counsel and receivership manager for Shenandoah, testified as to the day-to-day operations of the Company and its efforts to be rehabilitated. Additionally, Mr. Beatty testified as to the terms of the Order Appointing

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[1] *Commonwealth of Virginia, at the Relation of the State Corporation Commission v. Shenandoah Life Insurance Company,* Case No. INS-2009-00032, Order Appointing Deputy Receiver for Conservation and Rehabilitation (February 12, 2009) ("Order Appointing Deputy Receiver").

[2] *Id.* at paragraph 12(e).

[3] *Id.* at paragraph 13(b).

[4] Deputy Receiver's Answer at 1.

[5] *Id.* at 4.

Deputy Receiver. Specifically, Mr. Beatty testified that paragraph 12(e) of the Order Appointing Deputy Receiver orders Shenandoah to cease payment of policy loans, cash or surrender values, surrenders, and similar payments.[6] Mr. Beatty further testified that paragraph 13(b) of the Order Appointing Deputy Receiver authorizes the Deputy Receiver to implement a hardship exemption from the moratorium on policy loans, cash or surrender values, surrenders, and similar payments.[7] Mr. Beatty confirmed that prior to establishing the hardship exemption, the Deputy Receiver consulted with outside legal counsel, accounting and investment consultants, as well as the Company's Chief Financial Officer.[8] Mr. Beatty maintained that the 70% limit was established to preserve the Company's ability to pay claims and continuing business expenses.[9]

Mr. Beatty further testified that a policy owner would not qualify for a Hardship Exemption if they could meet their financial obligations from other sources.[10]

Mr. Beatty testified that the Petitioner's request for a Hardship Exemption was denied because she was making all loan and bill payments and had other resources to meet her financial obligations.[11]

On March 25, 2010, the Hearing Examiner issued a Hearing Examiner's Report finding that the Petitioner has a hardship. The Hearing Examiner recommended that the Commission enter an Order adopting the finding that the Petitioner has a hardship, reversing the Deputy Receiver's Determination of Appeal, and directing the Deputy Receiver to pay the Petitioner $9,500 from the cash value of her annuity.[12]

On April 15, 2010, the Deputy Receiver filed his Objections to Report of Hearing Examiner ("Objections"). In his Objections, the Deputy Receiver contended that the Petitioner did not demonstrate a present financial hardship.[13]

The Deputy Receiver further asserted that the Order Appointing Deputy Receiver vested him with the "sole discretion" to adopt exemptions from the moratorium, and that the standard of review applicable to this matter should be whether the Deputy Receiver abused his discretion in the Determination of Appeal.[14]

NOW THE COMMISSION, upon consideration of the record herein, is of the opinion and finds that the Petitioner's Petition for Review is denied and the Deputy Receiver's Determination of Appeal is affirmed.

The Petitioner is definitely deserving of our sympathy. She tried to provide for the expenses of her retirement through her own savings, in this case, by purchasing an annuity from Shenandoah.

Through absolutely no fault of her own, her retirement plans were disrupted and damaged when Shenandoah's financial condition deteriorated and it was forced to ask this Commission to place it into receivership.

We agree with the Deputy Receiver that the appropriate standard of review in this proceeding is whether the Deputy Receiver abused his discretion in his Determination of Appeal. As sympathetic as we are to the Petitioner's plight, we cannot find on the facts of this case that the Deputy Receiver abused his discretion. That is the legal burden that the Petitioner must reach, and we do not find that she has met the legal standard necessary to show that the Deputy Receiver abused his discretion.

If the Petitioner's financial situation changes, the Petitioner is free to re-apply for a Hardship Exemption. The dismissal of this claim does not preclude the Petitioner from filing another Hardship Exemption request if her financial circumstances change for the worse.

The optimal outcome for this Petitioner, as well as all of the thousands of others similarly situated, is for the Deputy Receiver to be successful in his efforts to find a buyer for Shenandoah that will maximize the recovery of all policy owners. That is the goal.

Accordingly, IT IS ORDERED THAT:

(1) The Petitioner's Petition for Review is hereby DENIED;

(2) The Deputy Receiver's Determination of Appeal is hereby AFFIRMED;

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[6] Transcript at 22.

[7] *Id.* at 23.

[8] *Id.* at 24.

[9] *Id.* at 25-26.

[10] *Id.* at 23.

[11] *Id.* at 27.

[12] Hearing Examiner's Report at 6.

[13] Objections at 1.

[14] *Id.* at 4-5

(3) The Petition of Maria Leahy for review of Deputy Receiver's Determination of Appeal is hereby DISMISSED; and

(4) The papers herein are passed to the file for ended causes.

CASE NO. INS-2009-00273
FEBRUARY 19, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

Ex Parte: In the matter of Adopting Amendments to the Rules Governing Local Government Group Self-Insurance Pools and the Rules Governing Group Self-Insurers of Liability Under the Virginia Workers' Compensation Act

ORDER ADOPTING RULES

By Order To Take Notice entered December 17, 2009, all interested persons were ordered to take notice that subsequent to February 1, 2010, the State Corporation Commission ("Commission") would consider the entry of an order adopting amendments to the regulations entitled "Rules Governing Local Government Group Self-Insurance Pools" and "Rules Governing Group Self-Insurers of Liability Under the Virginia Workers' Compensation Act" ("Regulations"), proposed by the Bureau of Insurance ("Bureau") which amend the regulations at 14 VAC 5-360-10 through 14 VAC 5-360-160, 14 VAC 5-360-180 and 14 VAC 5-360-190, and 14 VAC 5-370-10 through 14 VAC 5-370-150, and 14 VAC 5-370-170 and 14 VAC 5-370-180, unless on or before February 1, 2010, any person objecting to the adoption of the proposed amendments to the Regulations filed a request for a hearing with the Clerk of the Commission ("Clerk").

The Order to Take Notice also required all interested persons to file their comments in support of or in opposition to the proposed amendments to the Regulations on or before February 1, 2010.

No request for a hearing was filed with the Clerk. By letter dated January 15, 2010, the Virginia Municipal Liability Pool and VML Insurance Programs (collectively, "VML") filed comments with the Clerk. The comments filed by VML suggested changes to 14 VAC 5-360-120 which currently requires that the contract between a liability pool and service agent must state that the service agent will handle all claims incurred during the contract period to their conclusion without additional compensation. The amendment suggested by VML requires that the contract between a liability pool and service agent must state that the service agent will handle all claims incurred during the contract period to their conclusion without additional compensation while allowing the Commission to approve alternative compensation methodology.

The Bureau has recommended that the changes suggested by VML be accepted.

NOW THE COMMISSION, having considered the Bureau's recommendation, is of the opinion that the attached amendments to the Regulations should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The amendments to the regulations entitled Rules Governing Local Government Group Self-Insurance Pools and Rules Governing Group Self-Insurers of Liability Under the Virginia Workers' Compensation Act at 14 VAC 5-360-10 through 14 VAC 5-360-160, 14 VAC 5-360-180 and 14 VAC 5-360-190, and 14 VAC 5-370-10 through 14 VAC 5-370-150, and 14 VAC 5-370-170 and 14 VAC 5-370-180 which are attached hereto and made a part hereof, should be, and they are hereby, ADOPTED to be effective March 1, 2010.

(2) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the attached rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the Virginia Register of Regulations.

(3) The Commission's Division of Information Resources shall make available this Order and the adopted rules on the Commission's website, http://www.scc.virginia.gov/case.

(4) AN ATTESTED COPY hereof, together with a copy of the amended regulations, 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 amendments to the regulations by mailing a copy of this Order, together with the amended regulations, to all licensed group self-insurance associations, local government group self-insurance pools and certain interested parties designated by the Bureau.

(5) 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 "Rules Governing Local Governing Group Self-Insurance Pools " 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-2009-00275
FEBRUARY 8, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
PARK AVENUE PROPERTY AND CASUALTY INSURANCE COMPANY,
Defendant

ORDER REVOKING LICENSE

Section 38.2-1040 of the Code of Virginia ("Code") provides in subdivision 8 of subsection A that the State Corporation Commission ("Commission") may suspend or revoke the license of any insurance company to transact the business of insurance in the Commonwealth of Virginia whenever the company has been found insolvent by a court of any other state. Section 38.2-1041 of the Code provides that the Commission may immediately revoke or suspend the license of any insurer to do the business of insurance in Virginia without prior notice on the grounds specified in subdivision 8 of subsection A of § 38.2-1040 of the Code.

Park Avenue Property and Casualty Insurance Company ("Defendant"), an Oklahoma domiciled insurer, was initially licensed to transact the business of insurance in the Commonwealth of Virginia on September 20, 2005. On November 18, 2009, the District Court of Oklahoma County, State of Oklahoma issued a Consent Order of Liquidation with a Finding of Insolvency and Permanent Injunction against the Defendant. On November 20, 2009, the District Court of Oklahoma County, State of Oklahoma issued a Final Order of Liquidation and Cancellation of Policies.

The Commission's Bureau of Insurance has recommended that the Defendant's license to transact the business of insurance in the Commonwealth of Virginia be revoked.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 38.2-1040 of the Code of Virginia, the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia is hereby REVOKED;

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

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

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

CASE NO. INS-2009-00278
FEBRUARY 4, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
OPTIMA HEALTH PLAN,
Defendant

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of a health maintenance organization in the Commonwealth of Virginia, in certain instances, has violated §§ 38.2-503 and 38.2-510 A 15 of the Code of Virginia by failing to comply with unfair claim settlement practices; violated § 38.2-511 of the Code of Virginia by failing to maintain a complete complaint register; violated §§ 38.2-3407.14 A, 38.2-3407.14 B, 38.2-3407.15 B 4, 38.2-3407.15 B 7, 38.2-3407.15 B 8, 38.2-3407.15 B 9, 38.2-3407.15 B 10, 38.2-3407.15 B 11, and 38.2-3542 C of the Code of Virginia by failing to comply with the provisions relating to Accident and Sickness Insurance; violated §§ 38.2-5804 A and 38.2-5804 A 1 of the Code of Virginia by failing to comply with the requirements of the complaint system for MCHIPs; and violated 14 VAC 5-90-170 A, 14 VAC 5-211-150 A, 14 VAC 5-211-230 B 4 by failing to comply with advertising requirements.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-4316 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of Twenty-four Thousand Dollars ($24,000), waived its right to a hearing, agreed to the entry by the Commission of a cease and desist order, and agreed to comply with the Corrective Action Plan contained in the Market Conduct Examination Report as of December 31, 2006.

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

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

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 cease and desist from any conduct which constitutes a violation of §§ 38.2-503, 38.2-510 A 15, 38.2-511, 38.2-3407.14 A, 38.2-3407.14 B, 38.2-3407.15 B 4, 38.2-3407.15 B 7, 38.2-3407.15 B 8, 38.2-3407.15 B 9, 38.2-3407.15 B 10, 38.2-3407.15 B 11, 38.2-3542 C, 38.2-5804 A or 38.2-5804 A 1 of the Code of Virginia, or 14 VAC 5-90-170 A, 14 VAC 5-211-150 A, or 14 VAC 5-211-230 B 4; and

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

CASE NO. INS-2009-00280
JANUARY 5, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
CHRISTINE M. KEPPERS,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against her by the State of California.

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

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated November 10, 2009, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of her right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty (30) days an administrative action that was taken against her by the State of California.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to sixty (60) days from the date of this Order;

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2009-00284
OCTOBER 4, 2010

PETITION OF
EVELYN R. SNUTCH

For review of Shenandoah Life Insurance Company Deputy Receiver's Determination of Appeal

FINAL ORDER

On February 12, 2009, the Circuit Court of the City of Richmond entered an Order appointing the State Corporation Commission ("Commission") as Receiver of Shenandoah Life Insurance Company ("Shenandoah"). In addition, on February 12, 2009, the Commission, by Order Appointing Deputy Receiver for Conservation and Rehabilitation, appointed Alfred W. Gross, Commissioner of the Commission's Bureau of Insurance as Deputy Receiver, in accordance with Title 38.2, Chapter 15 of the Code of Virginia. Pursuant to his grant of authority, the Deputy Receiver in his Second Directive of Deputy Receiver Adopting Receivership Appeal Procedure established appeal procedures for appeals or challenges of any decision made by the Deputy Receiver with respect to claims against Shenandoah.

On December 28, 2009, Evelyn R. Snutch ("Petitioner") filed a Petition for Review ("Petition") with the Commission contesting the Deputy Receiver's denial of her "Hardship Request" made in connection with Shenandoah Life Policy No. 000991603.

By Order dated January 27, 2010, 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 March 1, 2010.

On February 9, 2010, the Deputy Receiver filed his Answer to the Petition, Motion to Dismiss, and Memorandum in Support of Motion to Dismiss, requesting the Commission deny the Petition and affirm the Deputy Receiver's Determination of Appeal. In support of his Motion to Dismiss, among other things, the Deputy Receiver stated that the Petitioner has already received the maximum amount permissible under the hardship procedure, and granting the relief requested would risk creating a preference in favor of the Petitioner and to the detriment of other policyholders, in violation of § 38.2-1509 of the Code of Virginia.

By Hearing Examiner's Ruling dated March 3, 2010, the Petitioner was directed to file a response to the Deputy Receiver's Motion to Dismiss on or before March 19, 2010.

The Petitioner filed her Response to the Motion to Dismiss on March 18, 2010. In her Response, the Petitioner stated she feared the foreclosure of her home, and she provided an itemized account of her outstanding bills with supporting documentation.

By Hearing Examiner's Ruling dated April 27, 2010, an evidentiary hearing was scheduled for June 11, 2010, via telephone conference call for the purpose of receiving testimony and evidence on the Petition.

On June 11, 2010, a hearing was conducted as scheduled. John O. Cox, Esquire, appeared as counsel to the Bureau of Insurance. Robert A. Dybing, Esquire, appeared as counsel to the Deputy Receiver. There was no appearance by or on behalf of the Petitioner. The Commission made numerous attempts to contact the Petitioner via telephone at the number she provided, and she could not be reached; therefore, the hearing was continued pending further ruling of the Hearing Examiner.

The Petitioner was subsequently contacted by the Office of the Hearing Examiner, and she advised that she did not wish to appear at a rescheduled hearing.

On July 20, 2010, the Hearing Examiner issued his Report in which he found that the Deputy Receiver's Motion to Dismiss be granted, the Deputy Receiver's Determination of Appeal be affirmed, and the Petition be dismissed.

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

Accordingly, IT IS ORDERED THAT:

1. The Deputy Receiver's Motion to Dismiss is hereby GRANTED;

2. The Deputy Receiver's Determination of Appeal in connection with Shenandoah Life Policy No. 000991603 is hereby AFFIRMED;

3. The Petition of Evelyn R. Snutch for review of Deputy Receiver's Determination of Appeal is hereby DISMISSED; and

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

CASE NO. INS-2009-00285
JULY 8, 2010

PETITION OF
MARY M. CARPENTER

For review of Shenandoah Life Insurance Company Deputy Receiver's Determination of Appeal

FINAL ORDER

On February 12, 2009, the Circuit Court of the City of Richmond entered an order appointing the State Corporation Commission ("Commission") as Receiver of Shenandoah Life Insurance Company ("Shenandoah" or "Company"). In addition, on February 12, 2009, the Commission, by Order Appointing Deputy Receiver for Conservation and Rehabilitation ("Order Appointing Deputy Receiver"), appointed Alfred W. Gross, Commissioner of the Commission's Bureau of Insurance as Deputy Receiver, in accordance with Title 38.2, Chapter 15 of the Code of Virginia. Pursuant to his grant of authority, the Deputy Receiver in his Second Directive of Deputy Receiver Adopting Receivership Appeal Procedure established appeal procedures for appeals or challenges of any decision made by the Deputy Receiver with respect to claims against Shenandoah.

On December 28, 2009, Mary M. Carpenter ("Petitioner") filed a Petition for Review ("Petition") with the Commission contesting the Deputy Receiver's denial of her "Hardship Request" made in connection with Shenandoah Life Policy No. 000829156.

By Order dated January 22, 2010, the Commission docketed the Petition, assigned the matter to a Hearing Examiner, and directed the Deputy Receiver to file an Answer or other responsive pleading to the Petition on or before February 23, 2010.

On February 2, 2010, the Deputy Receiver filed his Answer to the Petition and asked that the Petition be denied. In his Answer, the Deputy Receiver stated that the Petitioner's request for a hardship exemption was denied due to her failure to demonstrate an immediate need for funds that could not be satisfied from other sources. Additionally, the Deputy Receiver contended that the Petitioner intended to cash in her Shenandoah policy in order to purchase a replacement policy from another company.

By Hearing Examiner's Ruling dated February 26, 2010, an evidentiary hearing was scheduled for April 7, 2010, via telephone conference call for the purpose of receiving testimony and evidence on the Petition.

On March 18, 2010, the Deputy Receiver filed a list of witnesses and exhibits to be introduced during the telephonic hearing. On April 7, 2010, the Petitioner filed her list of witnesses and exhibits to be introduced during the telephonic hearing.

On April 7, 2010, a telephonic hearing was convened as scheduled. C. Gary Triggs, Esquire, appeared on behalf of the Petitioner. Robert A. Dybing, Esquire, appeared as counsel to the Deputy Receiver. John O. Cox, Esquire, appeared as counsel to the Commission.

At the hearing, the Petitioner established her financial hardship and her need for the remaining cash value of her life insurance policy. The Petitioner also stated that the information relied upon by the Deputy Receiver concerning her intention of purchasing a new life insurance policy with the funds received from her Shenandoah policy was from an unscrupulous insurance agent that originally sold the Petitioner her Shenandoah policy. Additionally, five witnesses appeared on behalf of the Petitioner and corroborated her testimony.

Donald Beatty, Esquire, Senior Counsel in the Commission's Office of General Counsel and Receivership Manager for Shenandoah, testified as to the day-to-day operations of the company and its efforts to be rehabilitated. Additionally, Mr. Beatty testified as to the terms of the Order Appointing Deputy Receiver. Specifically, Mr. Beatty testified that paragraph 12(e) of the Order Appointing Deputy Receiver orders Shenandoah to cease payment of policy loans, cash or surrender values, surrenders, and similar payments.[1] Mr. Beatty further testified that paragraph 13(b) of the Order Appointing Deputy Receiver authorizes the Deputy Receiver to implement a hardship exemption from the moratorium on policy loans, cash or surrender values, surrenders, and similar payments.[2] Mr. Beatty confirmed that prior to establishing the hardship exemption, the Deputy Receiver consulted with outside legal counsel, accounting and investment consultants, as well as the Company's Chief Financial Officer and in-house actuary. Mr. Beatty maintained that the 70% limit was established to preserve the Company's ability to pay claims and continuing business expenses.

On May 14, 2010, the Hearing Examiner issued his Report in which he found that based upon the evidence presented, the Petitioner faces imminent and severe financial hardship and required funds from her Shenandoah policy to pay her bills. Failure to make a hardship exception for the Petitioner would create a preference in favor of those receiving hardship exemptions when faced with similar or less dire financial situations. Additionally, even if review was limited to the information before the Deputy Receiver when he made his Determination of Appeal, it showed that the Petitioner faced imminent and severe financial hardship. The Hearing Examiner recommended that the Commission enter an order adopting his findings and the Deputy Receiver's Determination of Appeal should be reversed.

On May 21, 2010, the Deputy Receiver filed with the Commission a Notice to Hearing Examiner ("Notice"). In his Notice, the Deputy Receiver stated that: (i) Shenandoah does not intend to contest the matter further; and (ii) Shenandoah proposes to issue a check to the Petitioner in the amount of 70% of the amount available under her policy, calculated as of February 12, 2009, the date Shenandoah entered Receivership.

NOW THE COMMISSION, upon consideration of the record herein, the Report of the Hearing Examiner, and the Notice to Hearing Examiner filed by the Deputy Receiver, is of the opinion that the findings and recommendations of the Hearing Examiner should be adopted.

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[1] *Commonwealth of Virginia, At the Relation of the State Corporation Commission v. Shenandoah Life Insurance Company*, Case No. INS-2009-00032, Order Appointing Deputy Receiver for Conservation and Rehabilitation (Feb. 12, 2009).

[2] *Id.*

Accordingly, IT IS ORDERED THAT:

1. The Deputy Receiver's Determination of Appeal in connection with Shenandoah Life Policy No. 000829156 is hereby REVERSED;

2. The Petition for Review of Mary M. Carpenter is hereby GRANTED; and

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

CASE NO. INS-2009-00286
MAY 6, 2010

PETITION OF
DEDICATED RESOURCES

For review of Shenandoah Life Insurance Company Deputy Receiver's Determination of Appeal

FINAL ORDER

On February 12, 2009, the Circuit Court of the City of Richmond entered an order appointing the State Corporation Commission ("Commission") as Receiver of Shenandoah Life Insurance Company ("Shenandoah"). In addition, the Order appointed Alfred W. Gross, Commissioner of the Commission's Bureau of Insurance as Deputy Receiver, in accordance with Title 38.2, Chapter 15 of the Code of Virginia. Pursuant to his grant of authority, the Deputy Receiver in his Second Directive of Deputy Receiver Adopting Receivership Appeal Procedure established appeal procedures for appeals or challenges of any decision made by the Deputy Receiver with respect to claims against Shenandoah.

On December 28, 2009, Michael Moecker & Associates, Inc., bankruptcy trustees for Dedicated Resources, Inc. and Dedicated Trustees, Inc. (collectively, "Petitioner") filed a Petition for Review ("Petition") with the State Corporation Commission contesting the Deputy Receiver's denial of its "Hardship Request" made in connection with Shenandoah Life Policy No. 000734546.

By Order dated January 27, 2010, 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 March 1, 2010.

On March 1, 2010, the Deputy Receiver filed his Answer to the Petition and asked that the Petition be denied.

In a Hearing Examiner's Ruling dated March 4, 2010, the matter was set for a telephonic hearing for April 15, 2010.

On April 2, 2010, the Petitioner filed a letter with the Clerk of the Commission in which it advised that it could no longer pursue its Petition because the fees associated with litigating this matter would cost more than the net cash value of the policy at issue. Among other things, the Petitioner asked that the April 15, 2010, telephonic hearing be cancelled, but maintained that it continued to face financial hardships.

On April 8, 2010, the Hearing Examiner issued his Report in which he recommended that the hearing on the matter be cancelled and the Petition should be dismissed.

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

Accordingly, IT IS ORDERED THAT:

1. The Deputy Receiver's Determination of Appeal in connection with Shenandoah Life Policy No. 000734546 is hereby AFFIRMED;

2. The Petition for Review of Dedicated Resources is hereby DISMISSED; and

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

CASE NO. INS-2010-00016
APRIL 16, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
CAROL Y. KELLUM,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C and subsection 1 of

§ 38.2-1831 of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against her by the State of California, and by providing materially incorrect, misleading, incomplete or untrue information in her license application filed with the Commission.

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

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letters dated February 16, 2010, and March 17, 2010, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of her right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C and subsection 1 of § 38.2-1831 of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against her by the State of California and by providing materially incorrect, misleading, incomplete or untrue information in her license application filed with the Commission.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2010-00017
JULY 21, 2010

PETITION OF
VERA B. FOOTE

For review of Shenandoah Life Insurance Company Deputy Receiver's Determination of Appeal

FINAL ORDER

On February 12, 2009, the Circuit Court of the City of Richmond entered an order appointing the State Corporation Commission ("Commission") as Receiver of Shenandoah Life Insurance Company ("Shenandoah" or "Company"). In addition, on February 12, 2009, the Commission, by Order Appointing Deputy Receiver for Conservation and Rehabilitation ("Order Appointing Deputy Receiver"), appointed Alfred W. Gross, Commissioner of the Commission's Bureau of Insurance, as Deputy Receiver, in accordance with Title 38.2, Chapter 15 of the Code of Virginia. Pursuant to his grant of authority, the Deputy Receiver, in his Second Directive of Deputy Receiver Adopting Receivership Appeal Procedure, established appeal procedures for appeals or challenges of any decision made by the Deputy Receiver with respect to claims against Shenandoah.

On January 12, 2010, Vera B. Foote ("Petitioner") filed a Petition for Review ("Petition") with the Commission contesting the Deputy Receiver's denial of her "Hardship Request" made in connection with Shenandoah Life Policy No. 001045557.

By Order dated January 27, 2010, 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 March 2, 2010.

On February 9, 2010, the Deputy Receiver filed his Answer to the Petition and asked that the Petition be denied. In his Answer, the Deputy Receiver stated that the Petitioner applied for a hardship exemption and she was approved for and received a partial surrender of her policy. The Petitioner has challenged the determination to grant only a partial surrender, and instead seeks to fully surrender her policy.

By Chief Hearing Examiner's Ruling dated March 9, 2010, an evidentiary hearing was scheduled for May 13, 2010, via telephone conference call for the purpose of receiving testimony and evidence on the Petition.

On March 24, 2010, the Deputy Receiver filed a list of witnesses and exhibits to be introduced during the telephonic hearing.

On May 13, 2010, a hearing was conducted as scheduled. John O. Cox, Esquire, appeared as counsel to the Commission. The Petitioner appeared via telephone. Robert A. Dybing, Esquire, appeared as counsel to the Deputy Receiver.

At the hearing, the Petitioner established her financial hardship by providing documentation of additional expenses and a budget which revealed expenses that exceeded her income. The Petitioner also documented additional and significant expected expenses related to home repairs and medical needs.

Donald Beatty, Esquire, senior counsel in the Commission's Office of General Counsel and receivership manager for Shenandoah, testified as to the day-to-day operations of the company and its efforts to be rehabilitated. Additionally, Mr. Beatty testified as to the terms of the Order Appointing Deputy Receiver. Specifically, Mr. Beatty testified that paragraph 12(e) of the Order Appointing Deputy Receiver orders Shenandoah to cease payment of policy loans, cash or surrender values, surrenders, and similar payments.[1] Mr. Beatty further testified that paragraph 13(b) of the Order Appointing Deputy Receiver authorizes the Deputy Receiver to implement a hardship exemption from the moratorium on policy loans, cash or surrender values, surrenders, and similar payments.[2] Mr. Beatty confirmed that prior to establishing the hardship exemption, the Deputy Receiver consulted with outside legal counsel, accounting and investment consultants, as well as the Company's Chief Financial Officer and in-house actuary. Mr. Beatty maintained that the 70% limit was established to preserve the Company's ability to pay claims and continuing business expenses.

By Chief Hearing Examiner's Ruling dated May 19, 2010, the Deputy Receiver was directed to review the additional documentation and testimony presented at the hearing and advise the Commission in writing, within two weeks, what, if any, further action he intended to take on the Petitioner's hardship request.

On May 21, 2010, the Deputy Receiver filed with the Commission a Notice to Hearing Examiner ("Notice"). In his Notice, the Deputy Receiver stated that (i) Shenandoah does not intend to contest the matter further, and (ii) Shenandoah proposes to issue a check to the Petitioner in the amount of 70% of the amount available under her policy, calculated as of February 12, 2009, the date Shenandoah entered Receivership.

NOW THE COMMISSION, upon consideration of the record herein, the Report of the Hearing Examiner, and the Notice to Hearing Examiner filed by the Deputy Receiver, is of the opinion that the findings and recommendations of the Hearing Examiner should be adopted.

Accordingly, IT IS ORDERED THAT:

1. The Petition of Vera B. Foote for review of Deputy Receiver's Determination of Appeal is hereby DISMISSED with prejudice; and

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

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[1] *Commonwealth of Virginia, At the Relation of the State Corporation Commission v. Shenandoah Life Insurance Company*, Case No. INS-2009-00032, Order Appointing Deputy Receiver for Conservation and Rehabilitation (February 12, 2009).

[2] *Id.*

CASE NO. INS-2010-00018
JUNE 7, 2010

PETITION OF
LEE JOYNER, JR.

For review of Shenandoah Life Insurance Company Deputy Receiver's Determination of Appeal

FINAL ORDER

On February 12, 2009, the Circuit Court of the City of Richmond entered an order appointing the State Corporation Commission ("Commission") as Receiver of Shenandoah Life Insurance Company ("Shenandoah" or "Company"). In addition, on February 12, 2009, the Commission, by Order Appointing Deputy Receiver for Conservation and Rehabilitation ("Order Appointing Deputy Receiver"), appointed Alfred W. Gross, Commissioner for the Commission's Bureau of Insurance, as Deputy Receiver, in accordance with Title 38.2, Chapter 15 of the Code of Virginia. Pursuant to his grant of authority, the Deputy Receiver in his Second Directive of Deputy Receiver Adopting Receivership Appeal Procedure established appeal procedures for appeals or challenges of any decision made by the Deputy Receiver with respect to claims made against Shenandoah.

On January 25, 2010, Lee Joyner, Jr. ("Petitioner") filed a Petition for Review ("Petition") with the State Corporation Commission contesting the Deputy Receiver's denial of his "Hardship Request" made in connection with Shenandoah Life Policy No. 000876050.

By Order dated January 27, 2010, 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 March 2, 2010.

On February 26, 2010, the Deputy Receiver filed his answer and asked that the Petition be denied.

On March 22, 2010, the Deputy Receiver filed a Motion to Dismiss and Memorandum in Support of Motion to Dismiss. In support of his motion, the Deputy Receiver stated that the dispute between Shenandoah and the Petitioner has been resolved. The Deputy Receiver requested that the Commission dismiss the Petitioner's Petition, with prejudice.

On March 23, 2010, the Hearing Examiner issued his Report in which he found that the Deputy Receiver's Motion to Dismiss should be granted and the Petition be dismissed with prejudice.

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

Accordingly, IT IS ORDERED THAT:

(1) The Deputy Receiver's Motion to Dismiss is hereby GRANTED;

(2) The Petition of Lee Joyner, Jr. for review of Deputy Receiver's Determination of Appeal is hereby DISMISSED; and

(3) The papers herein are passed to the file for ended causes.

CASE NO. INS-2010-00019
JULY 8, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
ROBERTA L. GARCIA-GUAJARDO,
GARY J. HUNTER,
and
SANIBEL & LANCASTER INSURANCE, LLC
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Gary J. Hunter and Sanibel & Lancaster Insurance, LLC (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, (i) violated § 38.2-310 of the Code of Virginia by charging fees to their customers that are not authorized by law; (ii) violated §§ 38.2-502, 38.2-512, and subsections 7 and 10 of § 38.2-1831 by combining the amount of administrative service fees with the premium down payments, thereby misrepresenting the actual cost of the insurance; (iii) violated § 38.2-1809 by refusing to make agency records available promptly upon request for examination by the Bureau's investigators; (iv) violated § 38.2-1812 by sharing commissions or other compensation with unlicensed individuals for referrals of business; (v) violated § 38.2-1812.2 and subsection 10 of § 38.2-1831 by charging administrative service fees that exceeded the fees listed on the agency's disclosure form; (vi) violated § 38.2-1813 by failing to handle all premiums, return premiums, or other funds received by the Defendants in a fiduciary capacity and by failing to maintain an accurate record and itemization of the funds deposited into the account; and (vii) violated § 38.2-1822 and subsection 14 of § 38.2-1831 by knowingly permitting an unlicensed individual to act as an agent of an insurer licensed in Virginia and by knowingly accepting business from such unlicensed agent.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the 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: (1) agreed to comply with the Corrective Action Plan they have submitted to the Bureau. The Defendants understand that if they fail to comply with the terms of the Corrective Action Plan, the Bureau will, after opportunity and notice to be heard, seek to revoke their licenses; (2) agreed to be placed on probation for a period of 5 years from the date of entry of this Order; and (3) agreed to a monetary penalty in the amount of Fifteen Thousand Dollars ($15,000) of which Two Thousand Five Hundred Dollars ($2,500) will be tendered to the Treasurer of the Commonwealth of Virginia within 30 days of the date of entry of this Order. If the Defendants abide by the Corrective Action Plan submitted to the Bureau, the remaining Twelve Thousand Five Hundred Dollars ($12,500) of the penalty will be waived at the end of the probation period.

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

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

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 pay to the Treasurer of the Commonwealth of Virginia the sum of Two Thousand Five Hundred Dollars ($2,500) within 30 days of the date of the entry of this Order;

(3) The Defendants abide by the Corrective Action Plan that was submitted to the Bureau of Insurance; and

(4) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendants' failure to comply with the terms and undertakings of the settlement.

CASE NO. INS-2010-00019
DECEMBER 13, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
ROBERTA L. GARCIA-GUAJARDO,
GARY J. HUNTER,
and
SANIBEL & LANCASTER INSURANCE, LLC,
Defendants

JUDGMENT ORDER

On March 18, 2010, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Roberta L. Garcia-Guajardo ("Garcia-Guajardo"), Gary J. Hunter ("Hunter"), and Sanibel & Lancaster Insurance, LLC ("Sanibel") (collectively, "Defendants"), in which the Bureau of Insurance ("Bureau") alleged the following: (i) the Defendants violated § 38.2-310 of the Code of Virginia by charging customers a fee that is not authorized by law; (ii) the Defendants violated §§ 38.2-502, 38.2-512, and subsections 7 and 10 of § 38.2-1831 by combining the amount of an administrative service fee with the premium down payment, thereby misrepresenting the actual cost of the insurance; (iii) Sanibel and Hunter violated § 38.2-1809 by refusing to make agency records available promptly upon request for examination by Bureau investigators; (iv) Sanibel and Hunter violated § 38.2-1812 by sharing commissions or other compensation with unlicensed individuals for referrals of business; (v) the Defendants violated § 38.2-1812.2 and subsection 10 of § 38.2-1831 by charging an administrative service fee that exceeded the fee listed on the agency's disclosure form; (vi) Sanibel and Hunter violated § 38.2-1813 by failing to handle all premiums, return premiums, or other funds received by the agency in a fiduciary capacity and by failing to maintain an accurate record and itemization of the funds deposited into the account; (vii) Sanibel and Hunter violated § 38.2-1822 and subsection 14 of § 38.2-1831 by knowingly permitting an unlicensed individual to act as an agent of an insurer licensed in Virginia and by knowingly accepting business from such agent; and (viii) Garcia-Guajardo violated § 38.2-1822 by acting as an agent of an insurer licensed in Virginia without being properly licensed and after having voluntarily surrendered her insurance agent license to the Bureau. The Bureau sought the revocation of Sanibel's and Hunter's insurance agent licenses, the entry of a permanent injunction against Garcia-Guajardo, and the assessment of monetary penalties against each of the Defendants.

The Rule ordered the Defendants to file a responsive pleading on or before April 6, 2010, scheduled a hearing before the Commission on June 24 and 25, 2010, and assigned the matter to a Hearing Examiner to conduct further proceedings.

On April 7, 2010, Hunter and Sanibel filed an answer to the Rule in which they denied the allegations of wrongdoing. On April 8, 2010, Garcia-Guajardo filed a Request for Extension ("Request") asking that the time to respond to the Rule be extended to April 16, 2010, and indicated that such request was not opposed by the Bureau. The Request was granted by Hearing Examiner's Ruling dated April 9, 2010. Garcia-Guajardo filed an answer to the Rule on April 16, 2010, in which she denied the allegations of wrongdoing brought by the Bureau.

On April 27, 2010, the Bureau filed a Motion for Default Judgment concerning Sanibel and Hunter on the grounds that they failed to file a timely response to the Rule and that the responsive pleading was not signed as required by 5 VAC 5-20-20. Additionally, the Bureau requested that an expedited hearing be scheduled to address its motion. On June 8, 2010, a hearing on the Bureau's Motion for Default Judgment was convened at which time counsel for the Bureau advised that Hunter and the Bureau were in settlement discussions. Based on the progress of the discussions, the Bureau withdrew its motion.

On June 22, 2010, the Bureau filed a Motion to Dismiss the Rule against Hunter and Sanibel after having reached settlement in this matter. The Bureau asked the Commission to enter a proposed Settlement Order that included a copy of an agreed-upon Corrective Action Plan and advised that the allegations and scheduled hearing in this matter with regard to Garcia-Guajardo should remain intact. The Commission entered the Settlement Order on July 8, 2010.[1]

On June 24, 2010, an evidentiary hearing in this matter was convened in Virginia Beach as scheduled. Garcia-Guajardo appeared, and being represented by counsel, fully participated in the hearing. The Bureau appeared by counsel. As a preliminary matter at the hearing, the Bureau's Motion to Dismiss the Rule against Hunter and Sanibel was granted. Additionally, in his opening statement, counsel for the Bureau advised the Hearing Examiner that the Bureau had elected not to proceed against Garcia-Guajardo regarding the allegations that she violated §§ 38.2-310, 38.2-502, 38.2-512, and 38.2-1812.2. The remainder of the hearing was devoted to the allegation that Garcia-Guajardo violated § 38.2-1822 by acting as an agent without being properly licensed and after having voluntarily surrendered her insurance agent license to the Bureau.

During the hearing, the Bureau called five witnesses: three former employees of Sanibel, a customer who purchased insurance from Sanibel, and Bureau investigator Linwood G. Bennett, Jr. The testimony and evidence presented by the Bureau included ten specific transactions occurring between July 2006 and December 2009 that it alleged were violations of § 38.2-1822. Garcia-Guajardo called as witnesses two current employees of Sanibel, and she also testified on her own behalf.

On October 1, 2010, the Hearing Examiner filed 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. The Hearing Examiner began his analysis by discussing what activities require an insurance agent license. Focusing on the language of § 38.2-1822 and related statutes, the Hearing Examiner determined that an unlicensed individual may not provide a customer with a quote for the specific cost of insurance coverage from a specific insurance company or otherwise guide the customer to a decision to purchase insurance. He further concluded that the statute does not require that the unlicensed individual be the sole actor in the transaction for a

[1] On September 22, 2010, a Rule to Show Cause was issued against Sanibel and Hunter based on allegations by the Bureau that Sanibel and Hunter had violated the terms of the Settlement Order by failing to comply with certain provisions of the Corrective Action Plan. A hearing was held on October 14, 2010. This matter is under review by the Hearing Examiner and remains pending as of the date of this Order.

violation to occur, nor can a violation of the statute be avoided by having a licensed agent contact the customer after an unlicensed individual has sold, solicited, or negotiated the contract.

The Hearing Examiner turned next to whether the Bureau presented clear and convincing evidence to support the allegations that Garcia-Guajardo acted as an insurance agent in the ten instances introduced at the hearing. He summarized the testimony of the Bureau's witnesses, including that of Sanibel's former employees, who testified that they observed Garcia-Guajardo regularly discuss insurance coverages with customers and were aware that customers' phone calls were transferred to her home phone line. He noted that the applications and related documents the Bureau introduced in support of the allegations contained notes written in Garcia-Guajardo's handwriting concerning coverages and costs, fees, where the customer needed to sign, and whether and when the policy was sold. In addition, the certification signatures on the applications were signed using a stamp that was in her sole possession. The Hearing Examiner ultimately found that the testimony of the Bureau's witnesses, some of which was corroborated by Garcia-Guajardo, combined with the consistency of the documents, met the clear and convincing evidentiary standard. The Hearing Examiner therefore made the following findings and recommendations:

(1) The Bureau provided clear and convincing evidence of ten (10) specific instances in which Garcia-Guajardo violated § 38.2-1822 of the Code of Virginia.

(2) Based upon Garcia-Guajardo's own testimony that she was aware she could not discuss coverages with a customer, she acted knowingly or willfully.

(3) Pursuant to § 38.2-218 of the Code, Garcia-Guajardo should be penalized the maximum amount of Five Thousand Dollars ($5,000) for each violation, for a total of Fifty Thousand Dollars ($50,000).

(4) Pursuant to § 38.2-220, Garcia-Guajardo should be permanently enjoined from transacting the business of insurance in the Commonwealth of Virginia.

On October 22, 2010, the Bureau and Garcia-Guajardo separately filed their Comments to the Report.

THE COMMISSION, upon consideration of the Rule, the record, the Hearing Examiner's Report, the Comments filed, and the applicable statutes, is of the opinion and finds that the Hearing Examiner's findings and recommendations as detailed in his Report should be adopted. We agree with the Hearing Examiner's interpretation of the law, and we find that the Bureau proved by clear and convincing evidence that Garcia-Guajardo acted as an agent without being properly licensed in ten specific instances. Furthermore, we consider the recommended penalties to be appropriate in this case given that the unlicensed activity by Garcia-Guajardo occurred over an extended period of time and after she had voluntarily surrendered her insurance agent license to the Bureau.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the October 1, 2010 Hearing Examiner's Report are hereby adopted;

(2) Pursuant to § 38.2-218 of the Code, Garcia-Guajardo is penalized the maximum amount of Five Thousand Dollars ($5,000) for each violation, for a total of Fifty Thousand Dollars ($50,000);

(3) Pursuant to § 38.2-220 of the Code, Garcia-Guajardo should be permanently enjoined from transacting the business of insurance in the Commonwealth of Virginia; and

(4) The Commission shall retain jurisdiction of this case pending the resolution of the Bureau of Insurance's case against the other two Defendants.

CASE NO. INS-2010-00022
MARCH 30, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
LUCIUS WAYNE HENSLEY,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated §§ 38.2-1809 and 38.2-1813 of the Code of Virginia by failing to make records available promptly upon request for examination by the Commission or its employees, by failing to hold all premiums, return premiums, or other funds received by the Defendant in a fiduciary capacity, by failing to pay funds in the ordinary course of business to the insured or his assignee, insurer, insurance premium finance company or agent entitled to the payment, and by 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 of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated February 24, 2010, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1809 and 38.2-1813 of the Code of Virginia by failing to make records available promptly upon request for examination by the Commission or its employees, by failing to hold all premiums, return premiums, or other funds received by the Defendant in a fiduciary capacity, by failing to pay funds in the ordinary course of business to the insured or his assignee, insurer, insurance premium finance company or agent entitled to the payment, and by 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 Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to sixty (60) days from the date of this Order;

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2010-00024
FEBRUARY 12, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
JOHN A. ROCCO,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against him by the State of Pennsylvania.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated January 12, 2010, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against him by the State of Pennsylvania.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to sixty (60) days from the date of this Order;

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2010-00025
FEBRUARY 11, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
STEVEN JOHN TLACHAC,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against him by the State of Georgia.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated January 5, 2010, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against him by the State of Georgia.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to sixty (60) days from the date of this Order;

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NOS. INS-2010-00027 AND INS-2010-00028
OCTOBER 1, 2010

PETITION OF
SIGMUND GUBENSKI
and
PETITION OF
LUCY GUBENSKI

For review of Shenandoah Life Insurance Company Deputy Receiver's Determination of Appeal

ORDER

On February 12, 2009, the Circuit Court of the City of Richmond entered an Order appointing the State Corporation Commission ("Commission") as Receiver of Shenandoah Life Insurance Company ("Shenandoah" or "Company"). In addition, on February 12, 2009, the Commission, by Order Appointing Deputy Receiver for Conservation and Rehabilitation ("Order Appointing Deputy Receiver"), appointed Alfred W. Gross, Commissioner of the Commission's Bureau of Insurance as Deputy Receiver, in accordance with Title 38.2, Chapter 15 of the Code of Virginia. Pursuant to his grant of authority, the Deputy Receiver in his Second Directive of Deputy Receiver Adopting Receivership Appeal Procedure established appeal procedures for appeals or challenges of any decision made by the Deputy Receiver with respect to claims against Shenandoah.

On February 4, 2010, Sigmund and Lucy Gubenski ("Petitioners") filed Petitions for Review ("Petitions") with the Commission contesting the Deputy Receiver's denial of their "Hardship Requests" made in connection with Shenandoah Life Policy Nos. 1047537 and 1047538.

By Order dated February 18, 2010, the Commission docketed the Petitions, assigned the matter to a Hearing Examiner, and directed the Deputy Receiver to file an Answer or other responsive pleading to the Petitions on or before March 24, 2010.

On March 24, 2010, the Deputy Receiver filed his Answer to the Petitions and asked that the Petitions be denied. In his Answer, the Deputy Receiver, among other things, stated that the Petitioners' request for hardship exemptions were denied due to their failure to provide any information that they faced a severe and imminent financial hardship that could not be relieved from other sources.

By Chief Hearing Examiner's Ruling dated March 25, 2010, an evidentiary hearing was scheduled for May 25, 2010, via telephone conference call for the purpose of receiving testimony and evidence on the Petitions.

On May 4, 2010, the Deputy Receiver filed a list of witnesses and exhibits to be introduced during the telephonic hearing. On May 6, 2010, the Petitioners filed a list of witnesses and exhibits to be introduced during the telephonic hearing.

On May 25, 2010, a telephonic hearing was convened as scheduled. Roger F. Perry, Esquire, appeared on behalf of the Petitioners. Robert A. Dybing, Esquire, appeared as counsel to the Deputy Receiver. John O. Cox, Esquire, appeared as counsel to the Bureau of Insurance.

At the hearing, Mrs. Gubenski explained the Petitioners' financial hardships and their need for the remaining cash value of their life insurance policies. Among other things, Mrs. Gubenski stated that she and her husband needed their hardship exemption for extraordinary costs such as assisted living or home health care.

Donald Beatty, Esquire, Senior Counsel in the Commission's Office of General Counsel and Receivership Manager for Shenandoah, testified as to the day-to-day operations of the Company and its efforts to be rehabilitated. Additionally, Mr. Beatty testified as to the terms of the Order Appointing Deputy Receiver. Specifically, Mr. Beatty testified that paragraph 12(e) of the Order Appointing Deputy Receiver orders Shenandoah to cease payment of policy loans, cash or surrender values, surrenders, and similar payments.[1] Mr. Beatty further testified that paragraph 13(b) of the Order Appointing Deputy Receiver authorizes the Deputy Receiver to implement a hardship exemption from the moratorium on policy loans, cash or surrender values, surrenders, and similar payments.[2] Mr. Beatty confirmed that prior to establishing the hardship exemption, the Deputy Receiver consulted with outside legal counsel, accounting and investment consultants, as well as the Company's chief financial officer and in-house actuary. Mr. Beatty maintained that the 70% limit was established to preserve the Company's ability to pay claims and continuing business expenses.

On August 12, 2010, the Chief Hearing Examiner issued her Report in which she recommended that the Petitioners' Hardship Requests be remanded to the Deputy Receiver with direction to the Petitioners to submit additional documentation on the costs of assisted living or home health care.

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

Accordingly, IT IS ORDERED THAT:

1. The Petitions of Sigmund and Lucy Gubenski for review of Deputy Receiver's Determination of Appeal are hereby REMANDED to the Deputy Receiver for further consideration, upon documentation of the Petitioners of assisted living and home health care; and

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

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[1] *Commonwealth of Virginia, At the Relation of the State Corporation Commission v. Shenandoah Life Insurance Company*, Case No. INS-2009-00032, Order Appointing Deputy Receiver for Conservation and Rehabilitation (February 12, 2009).

[2] *Id.*

CASE NO. INS-2010-00029
MARCH 12, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
JOHN MICHAEL SANTOS,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against him by the State of Indiana.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letters dated January 19, 2010 and February 16, 2010, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against him by the State of Indiana.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to sixty (60) days from the date of this Order;

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2010-00030
FEBRUARY 24, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
DIANA M. WISDOM,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against her by the State of Indiana.

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

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated January 5, 2010, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of her right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against her by the State of Indiana.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to sixty days from the date of this Order;

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2010-00033
FEBRUARY 25, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
MICHAEL ROBERT LAVELLE,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against him by the State of California.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated January 28, 2010, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against him by the State of California.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to sixty days from the date of this Order;

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2010-00033
MARCH 18, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
MICHAEL ROBERT LAVELLE,
Defendant

VACATING ORDER

On February 25, 2010, the State Corporation Commission ("Commission") entered an Order in this case revoking the Defendant's insurance agent license for failing to report to the Commission within thirty (30) days an administrative action that was taken against him by the State of California. Subsequent to the entry of the Order, the Bureau of Insurance ("Bureau") received information indicating that the Defendant properly reported the administrative action to the National Insurance Producer Registry ("NIPR"); however, it appears that NIPR failed to forward such information to the Bureau. Consequently, the Bureau recommends that the Order be vacated and the Defendant's license reinstated.

The Commission, having considered the facts of the case and the Bureau's recommendation, is of the opinion that the Order Revoking License should be vacated and the Defendant's license reinstated.

Accordingly, IT IS ORDERED THAT:

(1) The Order Revoking License in this case is hereby VACATED;

(2) The Defendant's insurance agent license is hereby reinstated; and

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

CASE NO. INS-2010-00034
JUNE 10, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
MICHAEL E. CAHILL,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated §§ 38.2-512, 38.2-3103, and subsections 10 and 12 of § 38.2-1831 of the Code of Virginia by making false or fraudulent statements or representations on or relative to an application or any document or communication relating to the business of insurance for the purpose of obtaining a fee, commission, money, or other benefit from any insurer, agent, broker, premium finance company, or individual; by knowingly securing, attempting to secure or causing to be secured a life insurance policy on any person who is not in an insurable condition by means of misrepresentations or false or fraudulent statements; by using fraudulent, coercive, or dishonest practices in the conduct of business in the Commonwealth; and by forging another's name to an application for insurance or to any document related to an insurance transaction.

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

The Defendant has been 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 of Virginia the sum of Seven Thousand Five Hundred Dollars ($7,500), waived his right to a hearing, agreed to complete four (4) hours of continuing education courses on the subject of ethics within twelve (12) months of the date of entry of this Order and provide written proof of completion to the Bureau, and agreed to be placed on probation for a period of five (5) years from the date of entry of this Order.

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

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

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 be placed on probation for a period of five (5) years from the date of entry of this Order; and

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

CASE NO. INS-2010-00040
JULY 20, 2010

PETITION OF
LOUIS E. LANCASTER

For review of Shenandoah Life Insurance Company Deputy Receiver's Determination of Appeal

FINAL ORDER

On February 12, 2009, the Circuit Court of the City of Richmond entered an order appointing the State Corporation Commission ("Commission") as Receiver of Shenandoah Life Insurance Company ("Shenandoah" or "Company"). In addition, on February 12, 2009, the Commission, by Order Appointing Deputy Receiver for Conservation and Rehabilitation ("Order Appointing Deputy Receiver"), appointed Alfred W. Gross, Commissioner of the Commission's Bureau of Insurance, as Deputy Receiver, in accordance with Title 38.2, Chapter 15 of the Code of Virginia. Pursuant to his grant of authority, the Deputy Receiver, in his Second Directive of Deputy Receiver Adopting Receivership Appeal Procedure, established appeal procedures for appeals or challenges of any decision made by the Deputy Receiver with respect to claims against Shenandoah.

On March 9, 2010, Louis E. Lancaster ("Petitioner") filed a Petition for Review ("Petition") with the Commission contesting the Deputy Receiver's denial of his "Hardship Request" made in connection with Shenandoah Life Policy Nos. 000418843, 000499708, and 000430610.

By Order dated March 18, 2010, 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 April 16, 2010.

On April 9, 2010, the Deputy Receiver filed his Answer to the Petition and asked that the Petition be denied. In his Answer, the Deputy Receiver stated that the Petitioner's request for a hardship exemption was denied due to his failure to provide any information that he faced a severe and imminent financial hardship that could not be relieved from other sources.

By Hearing Examiner's Ruling dated May 6, 2010, an evidentiary hearing was scheduled for June 14, 2010, via telephone conference call for the purpose of receiving testimony and evidence on the Petition.

On May 24, 2010, the Deputy Receiver filed a list of witnesses and exhibits to be introduced during the telephonic hearing.

On June 9, 2010, the Deputy Receiver filed with the Commission a Notice to Hearing Examiner ("Notice"). In his Notice, the Deputy Receiver stated that (i) Shenandoah does not intend to contest the matter further, and (ii) Shenandoah proposes to issue a check to the Petitioner in the amount of 70% of the amount available under her policy, calculated as of February 12, 2009, the date Shenandoah entered Receivership.

NOW THE COMMISSION, upon consideration of the record herein, the Report of the Hearing Examiner, and the Notice to Hearing Examiner filed by the Deputy Receiver, is of the opinion that the findings and recommendations of the Hearing Examiner should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The Deputy Receiver's Motion to Dismiss is hereby GRANTED;

(2) The Petition of Louis E. Lancaster for review of Deputy Receiver's Determination of Appeal is hereby DISMISSED with prejudice; and

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

CASE NO. INS-2010-00041
MARCH 30, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
DARRELL JACKSON,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C and subsection 1 of § 38.2-1831 of the Code of Virginia by failing to report to the Commission within thirty (30) days an administrative action that was taken against him by the State of Colorado, and by providing materially incorrect, misleading, incomplete or untrue information in his license application filed with the Commission.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated February 17, 2010, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C and subsection 1 of § 38.2-1831 of the Code of Virginia by failing to report to the Commission within thirty (30) days an administrative action that was taken against him by the State of Colorado, and by providing materially incorrect, misleading, incomplete or untrue information in his license application filed with the Commission.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to sixty (60) days from the date of this Order;

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2010-00046
MARCH 24, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
NATIONAL STATES INSURANCE COMPANY,
Defendant

IMPAIRMENT ORDER

National States Insurance Company ("Defendant"), a foreign corporation domiciled in the State of Missouri and licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, is required to maintain minimum capital of $1,000,000 and minimum surplus of $3,000,000.

Section 38.2-1036 of the Code of Virginia 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 of Virginia while the impairment of its surplus exists.

The Annual Statement of the Defendant, dated December 31, 2009, and filed with the Commission's Bureau of Insurance ("Bureau"), indicates capital of $3,500,000 and surplus of $2,284,839, an impairment in surplus of $715,161.

Accordingly, IT IS ORDERED THAT:

(1) On or before June 21, 2010, the Defendant eliminate the impairment in its surplus and restore the same to at least $3,000,000, and advise the Commission of the accomplishment thereof by affidavit of the Defendant's president or other authorized officer.

(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-2010-00046
JULY 1, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
NATIONAL STATES INSURANCE COMPANY,
Defendant

ORDER TO TAKE NOTICE

Pursuant to § 38.2-1040 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") may suspend or revoke the license of any insurance company to transact the business of insurance in the Commonwealth of Virginia whenever the Commission finds that the company has violated any law of this Commonwealth.

National States Insurance Company, a foreign corporation domiciled in the State of Missouri ("Defendant"), is licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia.

By order entered herein March 24, 2010, the Defendant was ordered to eliminate the impairment in its surplus and restore the same to at least $3,000,000 and advise the Commission of the accomplishment thereof by affidavit of the Defendant's president or other authorized officer on or before June 21, 2010.

As of the date of this order, the Defendant has failed to eliminate the impairment in its surplus.

THEREFORE, IT IS ORDERED that the Defendant TAKE NOTICE that the Commission shall enter an order subsequent to July 12, 2010, suspending the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before July 12, 2010, the Defendant files with Joel H. Peck, Clerk, State Corporation Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for a hearing before the Commission with respect to the proposed suspension of the Defendant's license.

CASE NO. INS-2010-00046
JULY 20, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
NATIONAL STATES INSURANCE COMPANY,
Defendant

ORDER SUSPENDING LICENSE

In an order entered herein July 1, 2010, National States Insurance Company, a Missouri corporation ("Defendant") licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, was ordered to take notice that the Commission would enter an order subsequent to July 12, 2010, suspending the license of the Defendant to transact new business unless on or before July 12, 2010, the Defendant filed with the Clerk of the Commission a request for a hearing before the Commission to contest the proposed suspension of the Defendant's license.

The Order to take Notice was entered due to the Defendant's failure to eliminate the impairment in its surplus and restore the same to at least $3,000,000 and advise the Commission of the accomplishment thereof by affidavit of the Defendant's president or other authorized officer on or before June 21, 2010.

As of the date of this Order, the Defendant has not filed a request to be heard before the Commission with respect to the proposed suspension of the Defendant's license.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to § 38.2-1040 of the Code of Virginia, the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia is hereby SUSPENDED;

(2) The Defendant shall issue no new contracts or policies of insurance in the Commonwealth of Virginia until further order of the Commission;

(3) The appointments of the Defendant's agents to act on behalf of the Defendant in the Commonwealth of Virginia are hereby SUSPENDED;

(4) The Defendant's agents shall transact no new insurance business on behalf of the Defendant in the Commonwealth of Virginia until further order of the Commission;

(5) The Bureau of Insurance shall cause an attested copy of this Order to be sent to each of the Defendant's agents appointed to act on behalf of the Defendant in the Commonwealth of Virginia as notice of the suspension of such agent's appointment; and

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

CASE NO. INS-2010-00047
MARCH 30, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
DERRICK DEWAYNE ROY,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty (30) days an administrative action that was taken against him by the State of Arizona.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated February 24, 2010, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty (30) days an administrative action that was taken against him by the State of Arizona.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to sixty (60) days from the date of this Order;

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2010-00052
APRIL 15, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
SEAN EDWARD TAYLOR,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty (30) days an administrative action that was taken against him by the State of Missouri.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated March 3, 2010, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty (30) days an administrative action that was taken against him by the State of Missouri.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to sixty (60) days from the date of this Order;

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2010-00053
APRIL 15, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
CASEY L. HOFFERT,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty (30) days an administrative action that was taken against him by the State of North Dakota.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated February 17, 2010, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty (30) days an administrative action that was taken against him by the State of North Dakota.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to sixty (60) days from the date of this Order;

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2010-00054
APRIL 15, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
LORI ANN KOSLOSKE,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty (30) days an administrative action that was taken against her by the State of Colorado.

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

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated March 3, 2010, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of her right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty (30) days an administrative action that was taken against her by the State of Colorado.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to sixty (60) days from the date of this Order;

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2010-00055
APRIL 15, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
MICHAEL TIMOTHY MCMAHON,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty (30) days an administrative action that was taken against him by the State of Louisiana.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated February 16, 2010, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty (30) days an administrative action that was taken against him by the State of Louisiana.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to sixty (60) days from the date of this Order;

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2010-00058
MAY 17, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
MORTGAGE INFORMATION SERVICES, INC.,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated §§ 6.1-2.26 and 38.2-1822 of the Code of Virginia by acting as a settlement agent without being properly registered with the Virginia State Bar, and by acting as an agent of an insurer without first obtaining a license in the manner and form prescribed by the Commission.

The Commission is authorized by § 6.1-2.27 of the Code of Virginia to impose certain monetary penalties and to suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations of Chapter 1.3 (§ 6.1-2.19 *et seq.*) of Title 6.1 of the Code of Virginia.

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

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of Forty Thousand Dollars ($40,000) and waived its right to a hearing.

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

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

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; and

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

CASE NO. INS-2010-00062
AUGUST 16, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
PAUL M. GRAVITT,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated §§ 38.2-503, 38.2-504, and 38.2-512 of the Code of Virginia by making, publishing, disseminating, circulating, or placing before the public an advertisement, announcement or statement containing an assertion, representation or statement relating to the business of insurance which was untrue, deceptive or misleading, by making, publishing disseminating, circulating, directly or indirectly, or aiding, abetting or encouraging the making, publishing, dissemination or circulation of any oral or written statement or any pamphlet, circular, article or literature that is false, and maliciously critical of, or derogatory to, any person with respect to the business of insurance or with respect to any person in the conduct of his or her insurance business and that is calculated to injure that person, and by making false or fraudulent statements or representations on or relative to an application for the purpose of obtaining a fee, commission, money, or other benefit from any insurer, agent, broker, premium finance company, or individual.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged 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 of Virginia the sum of Five Thousand Dollars ($5,000), waived his right to a hearing, agreed not to sell Medicare Advantage plans for a period of one (1) year from the date of entry of this Order,

agreed to attend six (6) hours of ethics classes to be completed one (1) year from the date of entry of this Order and provide proof of completion to the Bureau of Insurance, and agreed to be placed on probation for a period of one (1) year from the date of entry of this Order. The Defendant has been advised that if the Bureau finds that he has not complied with the terms and conditions of his probation, it will initiate formal action to revoke his license.

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

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

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 not sell Medicare Advantage plans for a period of one (1) year from the date of entry of this Order;

(3) The Defendant shall attend six (6) hours of ethics classes to be completed one (1) year from the date of entry of this Order and provide proof of completion to the Bureau of Insurance;

(4) The Defendant shall be placed on probation for a period of one (1) year from the date of entry of this Order; and

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

CASE NO. INS-2010-00065
APRIL 21, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
VICTORIA FIRE & CASUALTY COMPANY,
Defendant

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-310 of the Code of Virginia by charging or collecting fees for the procurement of insurance that were not included in the premium or stated in the policy; violated § 38.2-502 by misrepresenting the benefits, advantages, conditions or terms of an insurance policy; violated § 38.2-1318 by failing to provide convenient access to files, documents, and records relating to the examination; violated § 38.2-1905 A by failing to notify insureds in writing that a policy had been surcharged for an at fault accident; violated § 38.2-1906 D 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 § 38.2-2234 A by failing to include all information required by the statute in its insurance credit disclosure notice; violated § 38.2-2234 B by failing to rate policies with accurate credit information; violated §§ 38.2-2208 A, 38.2-2208 B, 38.2-2212 D, 38.2-2212 E, and 38.2-2212 F by failing to properly terminate policies of insurance; violated § 38.2-510 A 10, as well as 14 VAC 5-400-30, and 14 VAC 5-400-80 D, by failing to properly handle claims; violated §§ 38.2-2214 and 38.2-2220 by failing to use standard forms in the precise language filed and approved by the Bureau; violated §§ 38.2-305 A, 38.2-305 B, 38.2-2202 A, and 38.2-2202 B by failing to include accurate information in policies; and violated §§ 38.2-604 B, 38.2-604.1, and 38.2-610 A by failing to include accurate information in notices.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of Twenty-two Thousand Dollars ($22,000), waived its right to a hearing, confirmed that restitution was made to seven (7) consumers in the amount of One Thousand Five Hundred Fifty-eight Dollars and Forty-one Cents ($1,558.41), and agreed to comply with the Corrective Action Plan set forth in its letters to the Bureau of Insurance dated December 8, 2009, February 9, 2010, and March 11, 2010.

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

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

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; and

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

CASE NO. INS-2010-00066
MAY 6, 2010

APPLICATION OF
AMERICAN CAPITOL INSURANCE COMPANY

For approval of an assumption reinsurance agreement pursuant to § 38.2-136 C of the Code of Virginia

ORDER APPROVING APPLICATION

By petition filed with the State Corporation Commission ("Commission") on April 15, 2009, American Capitol Insurance Company ("Petitioner"), a Texas-domiciled insurer licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, requested approval of an assumption reinsurance agreement pursuant to § 38.2-136 of the Code of Virginia ("Code").

Effective January 1, 1998, the Petitioner entered into a 100% coinsurance agreement which provided for assuming all of Universal Life Insurance Company's ("ULIC") individual life insurance policies in force with issue dates on or before December 31, 1997. The coinsurance agreement further provided for the coinsured policies to be assumed via an assumption reinsurance agreement in the case of ULIC being placed into receivership.

On April 24, 2009, the Circuit Court of Jefferson County, Alabama entered an order placing ULIC into receivership, triggering the assumption reinsurance agreement provision of the coinsurance agreement. Because the coinsurance agreement does not provide for policyholder's consent to the assumption reinsurance agreement provision, the Petitioner has applied for approval pursuant to § 38.2-136 of the Code.

ULIC has waived its right to a hearing pursuant to § 38.2-136 C of the Code, as evidenced by letter of Denise B. Azar, Receiver for Universal Life Insurance Company, dated March 31, 2010.

The Bureau of Insurance, having reviewed the application to ensure that Virginia policyholders will not lose any rights or claims afforded under their original contracts pursuant to Chapter 17 of Title 38.2 of the Code, has recommended that the application be approved.

The Commission, having considered the application, the recommendation of the Bureau of Insurance that the application be approved, and the law applicable hereto, is of the opinion that the application should be granted.

Accordingly, IT IS ORDERED THAT the application of American Capitol Insurance Company for the approval of the reinsurance agreement pursuant to § 38.2-136 C of the Code of Virginia be, and it is hereby, APPROVED.

CASE NO. INS-2010-00068
MAY 3, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
JUAN CARLOS MARTINEZ,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty (30) days an administrative action that was taken against him by the State of Indiana.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated March 17, 2010, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty (30) days an administrative action that was taken against him by the State of Indiana.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to sixty (60) days from the date of this Order;

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2010-00069
MAY 3, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
JOSHUA BERNARD COFFIN,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty (30) days administrative actions that were taken against him by the State of Indiana and the State of Kentucky.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated March 17, 2010, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty (30) days administrative actions that were taken against him by the State of Indiana and the State of Kentucky.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to sixty (60) days from the date of this Order;

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2010-00071
MAY 17, 2010

APPLICATION OF
MADISON NATIONAL LIFE INSURANCE COMPANY

For approval of an assumption reinsurance agreement pursuant to § 38.2-136 C of the Code of Virginia

ORDER APPROVING APPLICATION

By petition filed with the State Corporation Commission ("Commission") on April 15, 2009, Madison National Life Insurance Company ("Petitioner"), a Wisconsin-domiciled insurer licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, requested approval of an assumption reinsurance agreement pursuant to § 38.2-136 of the Code of Virginia ("Code").

Effective September 1, 2006, the Petitioner entered into an assumption reinsurance agreement which provided for assuming all of Standard Life Insurance Company of Indiana's ("Standard Life") individual life insurance policies and annuity contracts.

On December 18, 2008, the Circuit Court of Marion County, Indiana, entered an order placing Standard Life into rehabilitation. On January 28, 2009, the Commission entered an order suspending the license of Standard Life to transact the business of insurance in Virginia.

Pursuant to § 38.2-136 C of the Code, the Petitioner has requested that the Commission waive the policy holder consent to this transaction required by § 38.2-136 B by finding that the transfer of the policies to the Petitioner is in the best interest of policyholders.

Standard Life has waived its right to a hearing pursuant to § 38.2-136 C of the Code, as evidenced by letter of Stephen M. Coons, Secretary and General Counsel for Standard Life Insurance Company, dated April 22, 2010.

The Bureau of Insurance, having reviewed the application to ensure that Virginia policyholders will not lose any rights or claims afforded under their original contracts pursuant to Chapter 17 of Title 38.2 of the Code, has recommended that the application be approved.

NOW THE COMMISSION, having considered the application, the recommendation of the Bureau of Insurance that the application be approved, and the law applicable hereto, is of the opinion that the application should be approved.

Accordingly, IT IS ORDERED THAT the application of Madison National Life Insurance Company for the approval of the reinsurance agreement pursuant to § 38.2-136 C of the Code of Virginia be, and it is hereby, APPROVED.

CASE NO. INS-2010-00072
MAY 12, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
AMERICAN COMMUNITY MUTUAL INSURANCE COMPANY,
Defendant

ORDER TO TAKE NOTICE

Pursuant to § 38.2-1040 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") may suspend or revoke the license of any insurance company to transact the business of insurance in the Commonwealth of Virginia 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.

American Community Mutual Insurance Company, a foreign corporation domiciled in the State of Michigan ("Defendant"), is licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia.

By order entered April 8, 2010, the Defendant's license was suspended by the Circuit Court of Ingham County, Michigan due to financial regulatory concerns. The Michigan Commissioner of Insurance was appointed the rehabilitator and the Director of Receiverships at the Michigan Office of Financial and Insurance Regulation was appointed special deputy rehabilitator.

The Commission's Bureau of Insurance has recommended that the Defendant's license to transact the business of insurance in the Commonwealth of Virginia be suspended.

THEREFORE, IT IS ORDERED THAT the Defendant TAKE NOTICE that the Commission shall enter an order subsequent to May 21, 2010, suspending the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before May 21, 2010, the Defendant files with the Clerk of the Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for a hearing before the Commission with respect to the proposed suspension of the Defendant's license.

CASE NO. INS-2010-00072
JUNE 7, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
AMERICAN COMMUNITY MUTUAL INSURANCE COMPANY,
Defendant

ORDER SUSPENDING LICENSE

In an Order entered herein May 12, 2010, American Community Mutual Insurance Company, a Michigan corporation ("Defendant") licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, was ordered to take notice that the Commission would enter an order subsequent to May 21, 2010, suspending the license of the Defendant to transact new business unless on or before May 21, 2010, the Defendant filed with the Clerk of the Commission a request for a hearing before the Commission to contest the proposed suspension of the Defendant's license.

The Order to Take Notice was entered due to the suspension of the Defendant's license by the Defendant's domestic regulator, the appointment of the Michigan Commissioner of Insurance as rehabilitator for the Defendant, and the appointment of the Director of Receiverships at the Michigan Office of Financial and Insurance Regulation as special deputy rehabilitator.

As of the date of this Order, the Defendant has not filed a request to be heard before the Commission with respect to the proposed suspension of the Defendant's license.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to § 38.2-1040 of the Code of Virginia, the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia is hereby SUSPENDED;

(2) The Defendant shall issue no new contracts or policies of insurance in the Commonwealth of Virginia until further order of the Commission;

(3) The appointments of the Defendant's agents to act on behalf of the Defendant in the Commonwealth of Virginia are hereby SUSPENDED;

(4) The Defendant's agents shall transact no new insurance business on behalf of the Defendant in the Commonwealth of Virginia until further order of the Commission;

(5) The Bureau of Insurance shall cause an attested copy of this Order to be sent to each of the Defendant's agents appointed to act on behalf of the Defendant in the Commonwealth of Virginia as notice of the suspension of such agent's appointment; and

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

CASE NO. INS-2010-00073
MAY 4, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
METROPOLITAN CASUALTY INSURANCE COMPANY,
METROPOLITAN DIRECT PROPERTY & CASUALTY INSURANCE COMPANY,
METROPOLITAN GENERAL INSURANCE COMPANY,
and
METROPOLITAN PROPERTY & CASUALTY INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendants, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-305 A of the Code of Virginia by failing to provide accurate information required by statute in its insurance policies; violated § 38.2-502 by misrepresenting the benefits, advantages, conditions or terms of an insurance policy; violated § 38.2-511 by failing to maintain a complete complaint register; violated § 38.2-610 A by failing to include accurate information in its policies; violated § 38.2-1318 by failing to provide convenient access to files, documents and records relating to the examination; violated § 38.2-1906 D 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 § 38.2-2118 by failing to provide replacement cost notices; violated § 38.2-2126 A by failing to send credit adverse action notices; violated § 38.2-2126 B by failing to update credit information once every three years; violated § 38.2-2206 for failing to obtain signed rejection of higher UM limits; violated § 38.2-2234 by failing to rate policies with accurate credit information; violated §§ 38.2-510 A 1 and 38.2-510 A 10, as well as 14 VAC 5-400-40 A, 14 VAC 5-400-70 A, 14 VAC 5-400-70 D, and 14 VAC 5-400-80 D for failing to properly handle claims; violated §§ 38.2-2113 C, 38.2-2114 A, 38.2-2114 B, and 38.2-2114 E, 38.2-2208, 38.2-2212 E, and 38.2-2212 F by failing to properly terminate policies of

insurance; and violated §§ 38.2-2214 and 38.2-2220 by using forms that did not contain the precise language of the standard forms filed and adopted by the Commission.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendants' licenses upon a finding by the Commission, after notice and opportunity to be heard, that the Defendants have committed the aforesaid alleged violations.

The Defendants have been advised of their right to a hearing in this matter, whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have tendered to the Commonwealth of Virginia the sum of Sixty-two Thousand Dollars ($62,000), waived their right to a hearing, and confirmed that restitution was made to nineteen (19) consumers in the amount of Two Thousand Six Hundred Twenty-three Dollars and Fifty-two Cents ($2,623.52).

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

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

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; and

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

CASE NO. INS-2010-00074
MAY 4, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
HOMESITE INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-317 A of the Code of Virginia by failing to use standard forms in the precise language filed and approved by the Commission; violated § 38.2-610 A by failing to give to applicants for insurance written notice of an adverse underwriting decision in the form approved by the Commission; violated § 38.2-1906 D 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 § 38.2-2126 A by failing to provide credit adverse action notices; violated §§ 38.2-2113 C, 38.2-2114 A, 38.2-2114 C, and 38.2-2114 E by failing to properly terminate policies of insurance; violated §§ 38.2-510 A 1, 38.2-510 A 3, 38.2-510 A 6, as well as 14 VAC 5-400-30, 14 VAC 5-400-40 A, 14 VAC 5-400-50 C, 14 VAC 5-400-60 B, 14 VAC 5-400-70 A, 14 VAC 5-400-70 B, and 14 VAC 5-400-70 D, by failing to properly handle claims; violated §§ 38.2-305 A, 38.2-502, 38.2-2120, and 38.2-2124 by failing to include accurate information in policies; and violated §§ 38.2-305 B, 38.2-604.1, and 38.2-2118 by failing to include accurate information in its notices.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of Twenty-seven Thousand Dollars ($27,000), waived its right to a hearing, confirmed that restitution was made to five hundred eighty-three (583) consumers in the amount of Ninety-nine Thousand Two Hundred Fifty-two Dollars and Eight Cents ($99,252.08), and agreed to comply with the Corrective Action Plan set forth in its letter to the Bureau of Insurance dated January 7, 2010.

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

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

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; and

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

CASE NO. INS-2010-00076
JULY 21, 2010

PETITION OF
ELWANDA N. KNIGHT

For review of Shenandoah Life Insurance Company Deputy Receiver's Determination of Appeal

FINAL ORDER

On February 12, 2009, the Circuit Court of the City of Richmond entered an order appointing the State Corporation Commission ("Commission") as Receiver of Shenandoah Life Insurance Company ("Shenandoah" or "Company"). In addition, on February 12, 2009, the Commission, by Order Appointing Deputy Receiver for Conservation and Rehabilitation ("Order Appointing Deputy Receiver"), appointed Alfred W. Gross, Commissioner for the Commission's Bureau of Insurance as Deputy Receiver, in accordance with Title 38.2, Chapter 15 of the Code of Virginia. Pursuant to his grant of authority, the Deputy Receiver in his Second Directive of Deputy Receiver Adopting Receivership Appeal Procedure established appeal procedures for appeals or challenges of any decision made by the Deputy Receiver with respect to claims made against Shenandoah.

On April 21, 2010, Elwanda N. Knight ("Petitioner") filed a Petition for Review ("Petition") with the Commission contesting the Deputy Receiver's denial of her "Hardship Request" made in connection with Shenandoah Life Policy No. 002014316.

By Order dated June 7, 2010, 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 June 28, 2010.

On June 16, 2010, the Deputy Receiver filed his Answer to the Petition, Motion to Dismiss, and Memorandum in Support of Motion to Dismiss. In support of his motion, the Deputy Receiver stated that the dispute between Shenandoah and the Petitioner has been resolved.

On June 21, 2010, the Chief Hearing Examiner issued her Report in which she recommended that the Deputy Receiver's Motion to Dismiss be granted and the Petition be dismissed with prejudice.

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

Accordingly, IT IS ORDERED THAT:

1. The Deputy Receiver's Motion to Dismiss is hereby GRANTED;

2. The Petition of Elwanda N. Knight for review of Deputy Receiver's Determination of Appeal is hereby DISMISSED with prejudice; and

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

CASE NO. INS-2010-00078
MAY 3, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
JAMES LEE YUREK,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty (30) days an administrative action that was taken against him by the State of North Dakota.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 6, 2010, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty (30) days an administrative action that was taken against him by the State of North Dakota.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to sixty (60) days from the date of this Order;

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2010-00079
JULY 21, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
ARTURO NAVA,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C and subsection 1 of § 38.2-1831 of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against him by the State of Indiana, and by providing materially incorrect, misleading, incomplete or untrue information in his license application filed with the Commission.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated June 2, 2010, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C and subsection 1 of § 38.2-1831 of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against him by the State of Indiana, and by providing materially incorrect, misleading, incomplete or untrue information in his license application filed with the Commission.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to sixty (60) days from the date of this Order;

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2010-00080
MAY 10, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
TINA MARIE RAGLAND,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty (30) days an administrative action that was taken against her by the State of North Dakota.

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

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated April 7, 2010, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of her right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty (30) days an administrative action that was taken against her by the State of North Dakota.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to sixty (60) days from the date of this Order;

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2010-00081
MAY 27, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
TRUMBULL INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1906 D of the Code of Virginia 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 of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has waived its right to a hearing, confirmed that restitution was made to 1,590 consumers in the amount of Sixty-six Thousand Six Hundred Eighty-four Dollars and Twenty-two Cents ($66,684.22), and agreed to comply with the Corrective Action Plan set forth in its letters to the Bureau of Insurance dated March 31, 2010 and April 28, 2010.

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

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

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; and

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

CASE NO. INS-2010-00082
JUNE 15, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
FREEDOM SETTLEMENT GROUP, LLC,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 6.1-2.26 of the Code of Virginia by acting as a settlement agent without being properly registered with the Virginia State Bar.

The Commission is authorized by § 6.1-2.27 of the Code of Virginia to impose certain monetary penalties and to suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations of Chapter 1.3 (§ 6.1-2.19 *et seq.*) of Title 6.1 of the Code of Virginia.

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

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of Five Thousand Dollars ($5,000) and waived its right to a hearing.

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

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

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; and

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

CASE NO. INS-2010-00083
AUGUST 2, 2010

PETITION OF
JESSE H. HARRELSON

For review of Shenandoah Life Insurance Company Deputy Receiver's Determination of Appeal

FINAL ORDER

On February 12, 2009, the Circuit Court of the City of Richmond entered an order appointing the State Corporation Commission ("Commission") as Receiver of Shenandoah Life Insurance Company ("Shenandoah" or "Company"). In addition, on February 12, 2009, the Commission, by Order Appointing Deputy Receiver for Conservation and Rehabilitation ("Order Appointing Deputy Receiver"), appointed Alfred W. Gross, Commissioner for the Commission's Bureau of Insurance, as Deputy Receiver, in accordance with Title 38.2, Chapter 15 of the Code of Virginia. Pursuant to his grant of authority, the Deputy Receiver, in his Second Directive of Deputy Receiver Adopting Receivership Appeal Procedure, established appeal procedures for appeals or challenges of any decision made by the Deputy Receiver with respect to claims made against Shenandoah.

On May 3, 2010, Jesse H. Harrelson ("Petitioner") filed a Petition for Review ("Petition") with the Commission contesting the Deputy Receiver's denial of his "Hardship Request" made in connection with Shenandoah Life Policy No. 001056000.

By Order dated May 12, 2010, 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 June 17, 2010.

On June 15, 2010, the Deputy Receiver filed his Answer to the Petition, Motion to Dismiss, and Memorandum in Support of Motion to Dismiss. In support of his motion, the Deputy Receiver stated that the dispute between Shenandoah and the Petitioner has been resolved.

On June 21, 2010, the Chief Hearing Examiner issued her Report in which she recommended that the Deputy Receiver's Motion to Dismiss be granted and the Petition be dismissed with prejudice.

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

Accordingly, IT IS ORDERED THAT:

1. The Deputy Receiver's Motion to Dismiss is hereby GRANTED;

2. The Petition of Jesse H. Harrelson for review of Deputy Receiver's Determination of Appeal is hereby DISMISSED with prejudice; and

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

CASE NO. INS-2010-00087
MAY 26, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
DONEGAL MUTUAL INSURANCE COMPANY
and
SOUTHERN INSURANCE COMPANY OF VIRGINIA,
Defendants

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that the Defendants, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-305 A of the Code of Virginia by failing to provide accurate information required by statute in their insurance policies; violated § 38.2-502 by misrepresenting the benefits, advantages, conditions or terms of insurance policies; violated § 38.2-510 A 1 by failing to properly handle claims; violated § 38.2-1906 D 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 § 38.2-2126 by failing to send Credit Adverse Action Notices; violated § 38.2-2220 by failing to use standard forms in the precise language filed and approved by the Bureau; violated § 38.2-2223 by using broadenings of the standard forms without approval prior to use; violated § 38.2-2234 by failing to

rate insurance policies with accurate credit information; violated §§ 38.2-604 A, 38.2-610 A, 38.2-2113 A, 38.2-2113 C, 38.2-2114 A, 38.2-2114 C, 38.2-2208 A, 38.2-2208 B, 38.2-2212 D, and 38.2-2212 E by failing to properly terminate policies of insurance; violated §§ 38.2-305 B, 38.2-2118, 38.2-2120, and 38.2-2124 by failing to include accurate information in their insurance policies; and violated §§ 38.2-604 B, 38.2-604 C, 38.2-1905 A, and 38.2-2210 by failing to include accurate information in its notices; and violated 14 VAC 5-400-40 A, 14 VAC 5-400-70 A, 14 VAC 5-400-70 D, and 14 VAC 5-400-80 D by failing to properly handle claims.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendants' licenses upon a finding by the Commission, after notice and opportunity to be heard, that the Defendants have committed the aforesaid alleged violations.

The Defendants have been advised of their right to a hearing in this matter, whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have tendered to the Commonwealth of Virginia the sum of Forty Thousand Dollars ($40,000), waived their right to a hearing, agreed to comply with the Corrective Action Plan set forth in their letters to the Bureau of Insurance dated January 14, 2010, March 15, 2010, and April 14, 2010, and the Defendants have confirmed that restitution was made to eighteen (18) consumers in the amount of Twenty-two Thousand Nine Hundred Fifty-six Dollars and Seventy-three Cents ($22,956.73).

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

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

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; and

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

CASE NO. INS-2010-00088
JULY 7, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
CONTINENTAL INSURANCE COMPANY,
AMERICAN CASUALTY COMPANY OF READING PA,
NATIONAL FIRE INSURANCE COMPANY OF HARTFORD,
TRANSPORTATION INSURANCE COMPANY,
VALLEY FORGE INSURANCE COMPANY,
and
CONTINENTAL CASUALTY COMPANY,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendants, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1906 D of the Code of Virginia 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 of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendants' licenses upon a finding by the Commission, after notice and opportunity to be heard, that the Defendants have committed the aforesaid alleged violations.

The Defendants have been advised of their right to a hearing in this matter, whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have tendered to the Commonwealth of Virginia the sum of Two Thousand Dollars ($2,000) per company for an amount totaling Twelve Thousand Dollars ($12,000), waived their right to a hearing, confirmed that restitution was made to 46 consumers in the amount of Two Hundred Fifty-two Thousand Three Hundred Ninety-nine Dollars and Ninety Cents ($252,399.90), and agreed to comply with the Corrective Action Plan set forth in their letter to the Bureau of Insurance dated February 16, 2010.

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

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

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; and

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

CASE NO. INS-2010-00089
JUNE 8, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
IMPERIAL CASUALTY AND INDEMNITY INSURANCE COMPANY,
Defendant

ORDER TO TAKE NOTICE

Pursuant to § 38.2-1040 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") may suspend or revoke the license of any insurance company to transact the business of insurance in the Commonwealth of Virginia 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.

Imperial Casualty and Indemnity Insurance Company ("Defendant"), an Oklahoma domiciled insurer, was initially licensed to transact the business of insurance in the Commonwealth of Virginia on October 6, 1961.

On May 12, 2010, the District Court of Oklahoma County in the State of Oklahoma issued a Consent Order of Liquidation with a Finding of Insolvency and Permanent Injunction against the Defendant.

The Commission's Bureau of Insurance has recommended that the Defendant's license to transact the business of insurance in the Commonwealth of Virginia be revoked.

THEREFORE, IT IS ORDERED THAT the Defendant TAKE NOTICE that the Commission shall enter an order subsequent to June 17, 2010, revoking the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before June 17, 2010, the Defendant files with the Clerk of the Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for a hearing before the Commission with respect to the proposed revocation of the Defendant's license.

CASE NO. INS-2010-00089
JULY 1, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
IMPERIAL CASUALTY AND INDEMNITY INSURANCE COMPANY,
Defendant

ORDER REVOKING LICENSE

In an Order to Take Notice ("Order") entered herein June 8, 2010, Imperial Casualty and Indemnity Company, an Oklahoma domiciled insurer ("Defendant") licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, was ordered to take notice that the Commission would enter an order subsequent to June 17, 2010, revoking the license of the Defendant to transact new business unless on or before June 17, 2010, the Defendant filed with the Clerk of the Commission a request for a hearing before the Commission to contest the proposed suspension of the Defendant's license.

The Order was entered upon the recommendation of the Commission's Bureau of Insurance ("Bureau") based on a Consent Order of Liquidation with a Finding of Insolvency and Permanent Injunction against the Defendant entered on May 12, 2010, by the District Court of Oklahoma County in the State of Oklahoma.

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

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 38.2-1040 of the Code of Virginia, the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia is hereby REVOKED;

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

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

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

CASE NO. INS-2010-00093
JULY 30, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
CHARLES W. NEWMAN
and
SAVE RITE INSURANCE AGENCY,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendants, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated §§ 38.2-1812, 38.2-1813 and 38.2-1822 of the Code of Virginia by receiving commissions from an insurer for services as an agent prior to becoming licensed and appointed, by failing to hold all premiums, return premiums, or other funds received by the Defendants in a fiduciary capacity, and by failing to pay funds in the ordinary course of business to the insured or his assignee, insurer, insurance premium finance company or agent entitled to the payment.

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

The Defendants have been advised of their right to a hearing in this matter, whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have tendered to the Commonwealth of Virginia the sum of Seven Thousand Five Hundred Dollars ($7,500), waived their right to a hearing, and agreed to the entry by the Commission of a cease and desist order.

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

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

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 cease and desist from any conduct which constitutes a violation of §§ 38.2-1812, 38.2-1813, or 38.2-1822 of the Code of Virginia; and

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

CASE NO. INS-2010-00096
JUNE 14, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
ZACHURIAH D. COLLAR,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty (30) days an administrative action that was taken against him by the State of North Carolina.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 29, 2010, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty (30) days an administrative action that was taken against him by the State of North Carolina.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to sixty (60) days from the date of this Order;

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2010-00097
JUNE 4, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
NHEALTH, INC.,
Defendant

ORDER SUSPENDING LICENSE

nHealth, Inc. ("Defendant"), is a domestic corporation licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia. Due to financial regulatory concerns, the Commission's Bureau of Insurance ("Bureau") requested that the Defendant consent to the entry of an order prohibiting it from soliciting or issuing any new insurance policies or contracts in the Commonwealth of Virginia.

By letter of Paul L. Kitchen, the Defendant's president and chief executive officer, dated June 2, 2010, and received by the Bureau on June 2, 2010, the Defendant consented to the entry of an order prohibiting it from soliciting or issuing any new insurance policies or contracts in the Commonwealth of Virginia.

In light of the foregoing, the Bureau has recommended that the Defendant's license to transact the business of insurance in Virginia be suspended.

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

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 38.2-1040 of the Code of Virginia, the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia is hereby SUSPENDED;

(2) The Defendant shall issue no new contracts or policies of insurance in the Commonwealth of Virginia until further order of the Commission;

(3) The appointments of the Defendant's agents to act on behalf of the Defendant in the Commonwealth of Virginia are hereby SUSPENDED;

(4) The Defendant's agents shall transact no new insurance business on behalf of the Defendant in the Commonwealth of Virginia until further order of the Commission;

(5) The Bureau of Insurance shall cause an attested copy of this Order to be sent to each of the Defendant's agents appointed to act on behalf of the Defendant in the Commonwealth of Virginia as notice of the suspension of such agent's appointment; and

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

CASE NO. INS-2010-00098
JULY 7, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
HARTFORD CASUALTY INSURANCE COMPANY,
HARTFORD UNDERWRITERS INSURANCE COMPANY,
and
HARTFORD FIRE INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendants, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-317 of the Code of Virginia by delivering or issuing for delivery insurance policies or endorsements without having filed such policy forms or endorsements with the Commission at least thirty days prior to their effective date.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendants' licenses upon a finding by the Commission, after notice and opportunity to be heard, that the Defendants have committed the aforesaid alleged violations.

The Defendants have been advised of their right to a hearing in this matter, whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have tendered to the Commonwealth of Virginia the sum of Five Thousand Dollars ($5,000) per company for an amount totaling Fifteen Thousand Dollars ($15,000) and waived their right to a hearing.

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

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

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; and

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

CASE NO. INS-2010-00101
JULY 7, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
MERCURY CASUALTY COMPANY,
Defendant

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-305 A of the Code of Virginia by failing to provide accurate information required by statute in its insurance policies; violated § 38.2-502 by misrepresenting the benefits, advantages, conditions or terms of insurance policies; violated § 38.2-511 by failing to maintain a complete complaint register; violated § 38.2-1906 D by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendant; violated § 38.2-2204 by failing to allow permissive use of automobiles; violated §§ 38.2-610 A, 38.2-2208 A, 38.2-2208 B, 38.2-2212 D, and 38.2-2212 E by failing to properly terminate policies of insurance; violated §§ 38.2-604 A 2 and 38.2-604.1 A for failing to provide applicable notice to insureds; violated §§ 38.2-604 B, 38.2-604 C, 38.2-604.1 B, 38.2-2206 A, and 38.2-2210 A by failing to include accurate information in its notices; violated §§ 38.2-1812 and 38.2-1833 by failing to properly appoint agents and agencies; and violated 14 VAC 5-400-40 A for failing to properly handle claims.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of Twenty Six Thousand Two Hundred Dollars ($26,200), waived its right to a hearing, agreed to comply with the Corrective Action Plan set forth in its letters to the Bureau of Insurance dated March 24, 2010 and April 27, 2010, and the Defendant has confirmed that restitution was made to seven (7) consumers in the amount of Seven Hundred Forty-two Dollars and Twenty-seven Cents ($742.27).

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

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

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; and

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

CASE NO. INS-2010-00113
JUNE 24, 2010

CONSECO LIFE INSURANCE COMPANY
CONSECO INSURANCE COMPANY
CONSECO HEALTH INSURANCE COMPANY
BANKERS LIFE AND CASUALTY COMPANY
WASHINGTON NATIONAL INSURANCE COMPANY

Ex Parte: In the matter of Approval of a Multi-State Regulatory Settlement Agreement between Conseco Life Insurance Company, *et al*, and the Insurance Commissioners of the States of California, Florida, Iowa, Indiana and Texas, for the Virginia State Corporation Commission Bureau of Insurance

ORDER APPROVING SETTLEMENT AGREEMENT

ON THIS DAY came the Bureau of Insurance ("the Bureau"), by counsel, and requested Commission approval and acceptance of a multi-state Regulatory Settlement Agreement ("the Agreement") dated May 28, 2010, a copy of which is attached hereto and made a part hereof, by and between the Commissioners of Insurance for the States of California, Florida, Iowa, Indiana and Texas, and Conseco Life Insurance Company, Conseco Insurance Company, Conseco Health Insurance Company, Bankers Life and Casualty Company, and Washington National Insurance Company (collectively, the "Conseco Companies"), which are licensed to transact the business of insurance in the Commonwealth of Virginia.

AND THE COMMISSION, having considered the terms of the Agreement together with the recommendation of the Bureau that the Commission approve and accept the Agreement, is of the opinion, finds, and ORDERS that the Agreement be, and it is hereby, APPROVED AND ACCEPTED.

NOTE: A copy of Attachment A entitled "Participating Regulator Adoption" 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-2010-00117
JULY 30, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
NATIONAL GUARDIAN LIFE INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, in certain instances, has violated §§ 38.2-301, 38.2-305, and 38.2-316 of the Code of Virginia by issuing policies on the life of an individual that was neither aware of the purchase nor consented to it, by failing to specify the contents of insurance policies, and by failing to properly file forms or policies with the Commission.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of Ten Thousand Dollars ($10,000), waived its right to a hearing, and agreed to comply with the Corrective Action Plan set forth in its letter to the Bureau of Insurance dated July 13, 2010.

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

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

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; and

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

CASE NO. INS-2010-00118
JUNE 29, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

Ex Parte: In the matter of Adopting Amendments to the Rules Governing Health Maintenance Organizations

ORDER TO TAKE NOTICE

Section 12.1-13 of the Code of Virginia provides that the State Corporation Commission ("Commission") shall have the power to promulgate rules and regulations in the enforcement and administration of all laws within its jurisdiction, and § 38.2-223 of the Code of Virginia provides that the Commission may issue any rules and regulations necessary or appropriate for the administration and enforcement of Title 38.2 of the Code of Virginia.

The rules and regulations issued by the Commission pursuant to § 38.2-223 of the Code of Virginia are set forth in Title 14 of the Virginia Administrative Code.

The Bureau of Insurance ("Bureau") has submitted to the Commission proposed amendments to Chapter 211 of Title 14 of the Virginia Administrative Code entitled "Rules Governing Health Maintenance Organizations" ("Rules"), which amend the Rules at 14 VAC 5-211-70 and 14 VAC 5-211-160.

The proposed amendments to the Rules are necessary in Section 70 at the request of the Virginia Association of Health Plans to conform amendments to § 38.2-3541 of the Code of Virginia passed by the 2010 General Assembly with regard to group health insurance continuation and conversion requirements. Amendments to Section 160 of the Rules are necessary to conform its amendments to § 38.2-3412.1 of the Code of Virginia regarding mental health parity.

The Commission is of the opinion that the proposed amendments to 14 VAC 5-211-70 and 14 VAC 5-211-160 should be considered for adoption.

THEREFORE, IT IS ORDERED THAT:

(1) The proposed amendments to the "Rules Governing Health Maintenance Organizations," which amend the Rules at 14 VAC 5-211-70 and 14 VAC 5-211-160, be attached hereto and made a part hereof.

(2) All interested persons who desire to comment in support of or in opposition to, or request a hearing to oppose the adoption of the proposed amendments, shall file such comments or hearing request on or before August 16, 2010, with the Clerk of the Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218 and shall refer to Case No. INS-2010-00118. Interested persons desiring to submit comments electronically may do so by following the instructions available at the Commission's website: http://www.scc.virginia.gov/caseinfo.htm.

(3) If no written request for a hearing on the proposed amendments is filed on or before August 16, 2010, the Commission, upon consideration of any comments submitted in support of or in opposition to the proposed amendments, may adopt the amendments proposed by the Bureau of Insurance.

(4) AN ATTESTED COPY hereof, together with a copy of the proposed amendments, shall be sent by the Clerk of the Commission to the Bureau of Insurance in care of Deputy Commissioner Jacqueline K. Cunningham, who forthwith shall give further notice of the proposed adoption of the amendments by mailing a copy of this Order, together with the proposed amendments, to all insurers licensed by the Commission as health maintenance organizations in the Commonwealth of Virginia, as well as all interested parties.

(5) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the proposed amendments, 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 on the Commission's website: http://www.scc.virginia.gov/case.

(7) The Bureau of Insurance shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of paragraph (4) above.

NOTE: A copy of Attachment A entitled "Rules Governing 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-2010-00118
AUGUST 31, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

Ex Parte: In the matter of Adopting Amendments to the Rules Governing Health Maintenance Organizations

ORDER ADOPTING AMENDMENTS TO RULES

By Order entered herein June 29, 2010, all interested persons were ordered to take notice that subsequent to August 16, 2010, the State Corporation Commission ("Commission") would consider the entry of an order adopting amendments proposed by the Bureau of Insurance ("Bureau") to the Commission's Rules Governing Health Maintenance Organizations ("Rules"), set forth in Chapter 211 of Title 14 of the Virginia Administrative Code, unless on or before August 16, 2010, any person objecting to the adoption of the proposed amendments filed a request for hearing with the Clerk of the Commission (the "Clerk").

The Order to Take Notice also required all interested persons to file their comments in support of or in opposition to the proposed amendments on or before August 16, 2010.

Comments were filed by the Virginia Association of Health Plans ("VAHP") on August 13, 2010. No request for a hearing was filed with the Clerk.

The Bureau considered the comments filed by the VAHP, and responded to these comments by letter dated August 23, 2010, a copy of which is filed in the case file. The Bureau recommends that the proposed rules be amended at 14 VAC 5-211-70 in response to these comments as follows:

- change references from "group policy" to "group contract";

- add language indicating that the continuation of coverage provisions are not applicable if continuation of coverage is required under COBRA; and

- change the reference from "insurer's" to "health care plan's" current rate.

The amendments to the Rules are necessary to conform the Rules to (i) amendments made to § 38.2-3541 of the Code of Virginia regarding group health insurance continuation and conversion requirements and (ii) § 38.2-3412.1 of the Code of Virginia regarding mental health parity.

THE COMMISSION, having considered the proposed amendments, the filed comments, the Bureau's letter response, and the Bureau's recommendation for additional amendments, is of the opinion that the attached amendments to the Rules should be adopted.

THEREFORE IT IS ORDERED THAT:

(1) The amendments to Chapter 211 of Title 14 of the Virginia Administrative Code entitled "Rules Governing Health Maintenance Organizations," amended at 14 VAC 5-211-70 and 14 VAC 5-211-160, which are attached hereto and made a part hereof, should be, and they are hereby, ADOPTED to be effective January 1, 2011.

(2) AN ATTESTED COPY hereof, together with a copy of the adopted amendments, shall be sent by the Clerk of the Commission to Jacqueline K. Cunningham, Deputy Commissioner, Bureau of Insurance, State Corporation Commission, who forthwith shall give further notice of the adoption of the amendments to the Rules by mailing a copy of this Order, including a clean copy of the final amended Rules, to all insurers licensed by the Commission as health maintenance organizations in the Commonwealth of Virginia, as well as all interested parties.

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

(4) The Bureau shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of paragraph (2) above.

NOTE: A copy of Attachment A 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-2010-00121
JULY 21, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
EQUIFAX SETTLEMENT SERVICES, LLC,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 6.1-2.26 of the Code of Virginia by acting as a settlement agent without being properly registered with the Virginia State Bar.

The Commission is authorized by § 6.1-2.27 of the Code of Virginia to impose certain monetary penalties and to suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations of Chapter 1.3 (§ 6.1-2.19 *et seq.*) of Title 6.1 of the Code of Virginia.

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

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of Ten Thousand Dollars ($10,000) and waived its right to a hearing.

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

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

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; and

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

CASE NO. INS-2010-00126
NOVEMBER 8, 2010

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 16, 2010, the National Council on Compensation Insurance, Inc. ("NCCI"), filed an application with the State Corporation Commission ("Commission") for approval of certain changes applicable to voluntary market advisory loss costs and assigned risk rates and rating values for new and renewal workers' compensation insurance policies becoming effective on or after April 1, 2011 ("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 classification, including coal mine classifications, and (ii) federal ("F") classifications. The assigned risk rate filing addresses the same two categories.

With respect to voluntary loss costs, NCCI proposed an overall decrease of 12.4% for industrial classifications; a decrease of 3.8% for F classifications; a decrease of 23.5% for the surface coal mine classification; and an increase of 0.6% for the underground coal mine classification.

With respect to the assigned risk rates, NCCI proposed an overall decrease of 14.1% for industrial classifications; a decrease of 5.2% for F classifications; a decrease of 25.2% for the surface coal mine classification; and a decrease of 0.7% 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. Shuford recommended changes to the current methodology upon which the assigned risk rates are calculated. The recommended changes related to revisions to the internal rate of return model used to calculate the indicated assigned risk profit and contingencies provision in order to address what he viewed as inconsistent treatment of expenses by the model.

On July 29, 2010, the Commission entered an Order Scheduling Hearing, wherein the Commission docketed the case; required publication of the notice of proceeding; outlined a procedural schedule that provided respondents with the opportunity to participate and file testimony and exhibits; and

scheduled an evidentiary hearing to investigate whether the rates and advisory loss costs set forth in the Application are excessive, inadequate, or unfairly discriminatory, and if there were any other issues subject to investigation.

On August 5, 2010, the Iron Workers Employers Association and the Washington Construction Employers Association (collectively, "Respondents") filed their Notice of Participation. On August 20, 2010, the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel") filed its Notice of Participation.

On September 10, 2010, Glenn A. Watkins ("Watkins"), David C. Parcell ("Parcell"), and Scott J. Lefkowitz ("Lefkowitz") filed direct testimony and exhibits on behalf of the Bureau of Insurance ("Bureau"). The Bureau supported NCCI's proposed decreases to the voluntary loss costs. With respect to the assigned risk rates, the Bureau recommended the following: (i) an overall decrease of 16.0% for industrial classifications compared to a 14.1% decrease proposed by NCCI; (ii) a decrease of 7.3% for F classifications compared to a 5.2% decrease proposed by NCCI; (iii) a decrease of 26.5% for the surface coal mine classification compared to 25.2% decrease proposed by NCCI; and (iv) a decrease of 2.5% for the underground mine classification compared to 0.7% proposed by NCCI.

The differences between NCCI's proposed changes to assigned risk rates and the Bureau's recommended changes to assigned risk rates are due to Watkins' disagreement with NCCI's proposed changes to the current methodology used to calculate the indicated assigned risk profit and contingencies provision in assigned risk rates.

On October 1, 2010, Rosen and Shuford filed rebuttal testimony in which they accepted the proposed voluntary loss cost changes but disagreed with the proposed assigned risk rate changes recommended by Lefkowitz in his direct testimony. NCCI's disagreement with Lefkowitz's recommended changes stemmed from Lefkowitz's reliance on Watkins' indicated assigned risk profit and contingencies provision. Shuford continued to maintain that expenses within the currently approved internal rate of return model are treated in an inconsistent manner.

On October 19, 2010, the Bureau and NCCI filed a Joint Pre-Trial Motion for Approval of Stipulation to Admit Testimony ("Joint Pre-Trial Motion") requesting that the testimony and exhibits of Rosen, Shuford, Parcell, Lefkowitz, and Watkins be admitted into the record without personal appearances or verifications by those witnesses at the hearing. With respect to the unresolved matter involving the calculation of the indicated assigned risk profit and contingencies provision, NCCI and the Bureau agreed to address this area of disagreement in the upcoming working group, and for purposes of compromise, to average the final assigned rate indications proposed in the rebuttal testimony of Rosen and the direct testimony of Lefkowitz as follows: (i) a decrease of 15.1% in the overall average rate level for industrial classifications in the assigned risk plan; (ii) a decrease of 6.2% in the overall average rate level for "F" classifications in the assigned risk plan; and (iii) a decrease of 25.8% and 1.5% in the overall average rate level for the surface and underground coal mine classifications, respectively, in the assigned risk plan.

On October 26, 2010, 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; Scott A. White, Esquire, appeared on behalf of the Bureau; and Kiva Bland Pierce, Esquire, appeared on behalf of Consumer Counsel.

At the hearing, counsel for NCCI indicated his support for the Joint Pre-Trial Motion in his opening statement. He then called Rosen as a witness to summarize the working group's review of the changes to the class ratemaking methodology that were approved by the Commission last year in Case No. INS-2009-00142. In his opening statement, counsel for the Bureau also supported the Joint Pre-Trial Motion and noted that other than the issue involving the assigned risk profit and contingencies provision, there were no issues of disagreement between NCCI and the Bureau. Counsel for Consumer Counsel indicated no objection to the entry of an order approving the Joint Pre-Trial Motion. Hearing no objection to the Joint Pre-Trial Motion, the Commission granted the motion.

The Commission has considered the record in its entirety, including the Application, the pre-filed testimony and rebuttal testimony, the Joint Pre-Trial Motion to stipulate certain witnesses' testimony, and the evidence and exhibits presented at the hearing.

Accordingly, IT IS ORDERED THAT:

(1) The following changes applicable to 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, 2011: (i) an overall decrease of 12.4% to the voluntary loss costs for industrial classifications; (ii) a decrease in the voluntary loss costs of 3.8% for F classifications; (iii) a decrease in the voluntary loss costs of 23.5% for the surface coal mine classification; (iv) an increase in the voluntary loss costs of 0.6% for the underground coal mine classification; (v) an overall decrease of 15.1% to the assigned risk rates for industrial classifications; (vi) a decrease to the assigned risk rates of 6.2% for F classifications; (vii) a decrease to the assigned risk rates of 25.8% for the surface coal mine classification; and (viii) a decrease to the assigned risk rates of 1.5% for the underground coal mine classification.

(2) Except as otherwise ordered herein, all other 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, 2011.

(3) The working group should, in addition to ongoing activities, continue to monitor the appropriateness and impact of the change to the methodology used to calculate loss costs and assigned risk rates for individual classifications and the impact of the change to the methodology used to calculate certain parameters that are required to determine the experience modifications of individual employers. The working group shall also study the proper methodology to be used in calculating the assigned risk profit and contingencies factor.

(4) The working group should investigate the reasons for the changes to the underlying data compiled from the United States Department of Labor database used to calculate the occupational disease components of voluntary loss costs and assigned risk rates for coal mine classifications. The working group shall report on the reasons for the changes and determine an appropriate method to compile the data.

(5) On or before June 1, 2011, 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 2011 voluntary loss costs/assigned risk rate revision proceeding before the Commission. The

proposed schedule shall address: (i) "pre-filing" of any discovery requests by the Bureau, Consumer Counsel, and any other parties; (ii) the date on which NCCI proposes to file with the Commission any voluntary loss costs/assigned risk rate revision application and its direct testimony; (iii) the date on which NCCI proposes to file its responses to pre-filed discovery requests; (iv) the dates for the pre-filing of the direct testimony of the Bureau, Consumer Counsel, and any respondents; (v) the date for filing by NCCI of its rebuttal testimony; and (vi) the date of any proposed hearing before the Commission.

(6) NCCI and any other persons participating in future voluntary loss costs and assigned risk rate application proceedings before the Commission, when proposing methodologies or data sources that are different from the methodologies or data sources upon which then current voluntary loss costs and/or assigned risk rate or rating values are based, shall be required to disclose the impact on voluntary loss costs and/or assigned risk rate or rating values of the change employing both the methodology it proposes to replace as well as the newly proposed methodology.

CASE NO. INS-2010-00127
JULY 30, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
SELECTIVE INSURANCE CO. OF SOUTH CAROLINA,
SELECTIVE INSURANCE CO. OF AMERICA,
SELECTIVE INSURANCE CO. OF THE SOUTHEAST,
and
SELECTIVE WAY INSURANCE,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendants, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated §§ 38.2-317 and 38.2-1906 A of the Code of Virginia ("Code"), as well as 14 VAC 5-335-10 *et seq.*, by delivering or issuing for delivery insurance policies or endorsements without having filed such policy forms or endorsements with the Commission at least thirty (30) days prior to their effective date, by failing to file with the Commission certain rate and supplementary rate information, and by issuing policies or endorsements that did not comply with the Rules Governing Claims-Made Liability 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 the Defendants' licenses upon a finding by the Commission, after notice and opportunity to be heard, that the Defendants have committed the aforesaid alleged violations.

The Defendants have been advised of their right to a hearing in this matter, whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have tendered to the Commonwealth of Virginia the sum of Sixty-six Thousand Dollars ($66,000), waived their right to a hearing, and agreed to comply with the Corrective Action Plan provided to the Bureau on June 29, 2010, which is attached and made a part of this Order.

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

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

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 Defendant shall comply with the attached Corrective Action Plan and shall document such compliance to the Bureau. Such compliance may be verified by the Bureau; and

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

CASE NO. INS-2010-00128
JULY 21, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
THOMAS GEORGE FROST, III,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against him by the State of Kentucky.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated June 2, 2010, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against him by the State of Kentucky.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to sixty (60) days from the date of this Order;

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2010-00129
JULY 20, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
ALFA ALLIANCE INSURANCE CORPORATION,
Defendant

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.502 (1) of the Code of Virginia by misrepresenting the benefits, advantages, conditions or terms of an insurance policy; violated § 38.2-510 A 3, as well as 14 VAC 5-400-30, 14 VAC 5-400-40 A, 14 VAC 5-400-50 C, and 14 VAC 5-400-70 A, by failing to properly handle claims; and violated § 38.2-2214 by failing to use standard forms in the precise language filed and approved by the Commission.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of Ten Thousand Dollars ($10,000), waived its right to a hearing, agreed to comply with the Corrective Action Plan set forth in its letters to the Bureau of Insurance dated May 7, 2010, and June 16, 2010, and confirmed that restitution was made to four (4) consumers in the amount of One Thousand Five Hundred Twenty-nine Dollars and Fifty-nine Cents ($1,529.59).

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

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

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; and

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

CASE NO. INS-2010-00130
SEPTEMBER 30, 2010

PETITION OF
CATHERINE V. THOMPSON

For review of Shenandoah Life Insurance Company Deputy Receiver's Determination of Appeal

FINAL ORDER

On February 12, 2009, the Circuit Court of the City of Richmond entered an Order appointing the State Corporation Commission ("Commission") as Receiver of Shenandoah Life Insurance Company ("Shenandoah"). In addition, on February 12, 2009, the Commission, by Order Appointing Deputy Receiver for Conservation and Rehabilitation, appointed Alfred W. Gross, Commissioner for the Commission's Bureau of Insurance as Deputy Receiver, in accordance with Title 38.2, Chapter 15 of the Code of Virginia. Pursuant to his grant of authority, the Deputy Receiver, in his Second Directive of Deputy Receiver Adopting Receivership Appeal Procedure, established appeal procedures for appeals or challenges of any decision made by the Deputy Receiver with respect to claims made against Shenandoah.

On July 6, 2010, Catherine V. Thompson ("Petitioner") filed a Petition for Review ("Petition") with the Commission contesting the Deputy Receiver's denial of her "Hardship Request" made in connection with Shenandoah Life Policy No. 000815757.

By Order dated July 21, 2010, 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 August 10, 2010.

On August 10, 2010, the Deputy Receiver filed his answer and stated that the Petitioner's Hardship Request for a policy loan of $2,000 had been approved.

On August 10, 2010, the Deputy Receiver filed his Motion to Dismiss and Memorandum in Support of Motion to Dismiss. In support of his Motion to Dismiss, the Deputy Receiver stated that the Petitioner's Hardship Request had been approved. The Deputy Receiver requested that the Commission dismiss the Petitioner's Petition with prejudice.

On August 11, 2010, the Hearing Examiner issued her Report in which she recommended that the Deputy Receiver's Motion to Dismiss should be granted and the Petition should be dismissed with prejudice.

Also on August 11, 2010, the Deputy Receiver filed a Supplemental Answer and Supplemental Memorandum in Support of Motion to Dismiss in which he corrected his representations in his earlier pleading, stating that the maximum amount available as a policy loan to the Petitioner under the Hardship Procedure was less than the $2,000 requested. The Deputy Receiver stated that he would shortly issue a check to the Petitioner in the amount of 70% of the full surrender value of her policy as of February 12, 2009, the day that Shenandoah was placed into receivership, less loan interest. The Deputy Receiver represents that such amount is the maximum available to the Petitioner under the Hardship Exemption Procedure.

On August 13, 2010, the Hearing Examiner issued her Amended Report in which she confirmed her recommendation that the Deputy Receiver's Motion to Dismiss be granted and the Petition be dismissed with prejudice.

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

Accordingly, IT IS ORDERED THAT:

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

(2) The Petition of Catherine V. Thompson for review of Deputy Receiver's Determination of Appeal is hereby DISMISSED.

(3) The papers herein are passed to the file for ended causes.

CASE NO. INS-2010-00131
JULY 20, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
FOREMOST INSURANCE COMPANY GRAND RAPIDS, MICHIGAN,
Defendant

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-2118 of the Code of Virginia by failing to have available for use a notice summarizing how the replacement cost provisions would apply; violated §§ 38.2-305 B, 38.2-610 A, and 38.2-2125 by failing to include accurate information in notices; and violated §§ 38.2-1812, 38.2-1822, and 38.2-1833 by improperly sharing commissions with unlicensed persons, and by failing to properly appoint agents and agencies.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of Six Thousand Dollars ($6,000), waived its right to a hearing, and agreed to comply with the Corrective Action Plan set forth in its letters to the Bureau of Insurance dated March 29, 2010, and April 29, 2010.

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

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

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; and

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

CASE NO. INS-2010-00143
OCTOBER 21, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
ADAM D. APPELL,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C and subsection 1 of § 38.2-1831 of the Code of Virginia by failing to report to the Commission within thirty days administrative actions that were taken against him by the State of Georgia and the State of Missouri, and by providing materially incorrect, misleading, incomplete or untrue information in his license application filed with the Commission.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated August 24, 2010, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C and subsection 1 of § 38.2-1831 of the Code of Virginia by failing to report to the Commission within thirty days administrative actions that were taken against him by the State of Georgia and the State of Missouri, and by providing materially incorrect, misleading, incomplete or untrue information in his license application filed with the Commission.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to sixty (60) days from the date of this Order;

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2010-00144
JULY 30, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
GARY L. KARNS, JR.,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against him by the State of Utah.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated June 30, 2010, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against him by the State of Utah.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to sixty days from the date of this Order;

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2010-00145
JULY 30, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
BYRON LATRENT BRADLEY,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against him by the State of Michigan.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated June 30, 2010, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against him by the State of Michigan.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to sixty (60) days from the date of this Order;

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2010-00146
JULY 30, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
GAY CATHERINE CHUNG,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against her by the States of Utah, South Dakota, and Hawaii.

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

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated June 30, 2010, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of her right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against her by the States of Utah, South Dakota, and Hawaii.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to sixty (60) days from the date of this Order;

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2010-00147
JULY 30, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
RICHARD STRIANO,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against him by the State of Maryland.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated June 30, 2010, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against him by the State of Maryland.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to sixty (60) days from the date of this Order;

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2010-00150
AUGUST 12, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
HARTFORD CASUALTY INSURANCE COMPANY
and
HARTFORD FIRE INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendants, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-317 of the Code of Virginia by delivering or issuing for delivery insurance policies or endorsements without having filed such policy forms or endorsements with the Commission at least thirty (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 of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendants' licenses upon a finding by the Commission, after notice and opportunity to be heard, that the Defendants have committed the aforesaid alleged violations.

The Defendants have been advised of their right to a hearing in this matter, whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have agreed to comply with the Corrective Action Plan set forth in their letter to the Bureau of Insurance dated July 26, 2010, and waived their right to a hearing.

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

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

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; and

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

CASE NO. INS-2010-00153
DECEMBER 7, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
CINERGY HEALTH, INC.,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated §§ 38.2-502, 38.2-1822, subsections 7 and 10 of § 38.2-1831, and 38.2-1833 of the Code of Virginia by misrepresenting the benefits, advantages, conditions or terms of insurance policies, by acting as an agent of an insurer without first obtaining a license in the manner and form prescribed by the Commission, by intentionally misrepresenting the terms of actual or proposed insurance contracts or applications for insurance, by using fraudulent, coercive, or dishonest practices in the conduct of business in the Commonwealth, and by failing to file with the Commission written notice of the appointments of certain insurance agents within thirty (30) days of the execution of the first insurance applications submitted by the agents.

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

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of Seventy-five Thousand Dollars ($75,000), waived its right to a hearing, and agreed to the entry by the Commission of a cease and desist order. The Defendant has also specifically agreed to cease and desist from using any advertisements in Virginia that are misleading or otherwise violate Virginia's advertising regulations as set forth in the Rules Governing Advertisement of Accident and Sickness Insurance, 14 VAC 5-90-10 *et seq*.

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

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

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 cease and desist from any conduct which constitutes a violation of §§ 38.2-502, 38.2-1822, subsections 7 and 10 of § 38.2-1831 or 38.2-1833 of the Code of Virginia;

(3) The Defendant cease and desist from using any advertisements in Virginia that are misleading or otherwise violate Virginia's advertising regulations as set forth in the Rules Governing Advertisement of Accident and Sickness Insurance, 14 VAC 5-90-10 *et seq.*; and

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

CASE NO. INS-2010-00154
AUGUST 19, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
PROFESSIONAL LIABILITY INSURANCE COMPANY OF AMERICA,
Defendant

ORDER TO TAKE NOTICE

Pursuant to § 38.2-1040 of the Code of Virginia ("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 whenever the Commission finds that the company has violated any law of this Commonwealth.

Professional Liability Insurance Company of America, a foreign corporation domiciled in the State of New York ("Defendant"), initially was licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia on May 7, 1958.

Pursuant to § 38.2-1301 of the Code and 14 VAC 5-270-50, all licensed foreign insurance companies are required to file an annual Audited Financial Report with the Commission on or before June 1 of each year. The Defendant was required to file its 2009 Audited Financial Report with the Commission on or before June 1, 2010; however, as of the date of this Order, the Defendant has failed to file such report.

The Bureau of Insurance has recommended that, based on the foregoing, the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia be suspended.

THEREFORE, IT IS ORDERED that the Defendant TAKE NOTICE that the Commission shall enter an order subsequent to August 31, 2010, suspending the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before August 23, 2010, the Defendant files with the Clerk of the Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for a hearing before the Commission with respect to the proposed suspension of the Defendant's license.

CASE NO. INS-2010-00154
NOVEMBER 5, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
PROFESSIONAL LIABILITY INSURANCE COMPANY OF AMERICA,
Defendant

ORDER SUSPENDING LICENSE

In an order entered herein August 19, 2010, Professional Liability Insurance Company of America ("Defendant"), a New York corporation licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, was ordered to take notice that the Commission would enter an order subsequent to August 31, 2010, suspending the license of the Defendant to transact new business unless on or before August 23, 2010, the Defendant filed with the Clerk of the Commission a request for a hearing before the Commission to contest the proposed suspension of the Defendant's license.

The Order to take Notice was entered due to the Defendant's failure to file its 2009 Audited Financial Report with the Commission on or before June 1, 2010.

Due to financial regulatory concerns, on April 30, 2010, the Supreme Court of New York, New York County, placed the Defendant into rehabilitation and the Superintendant of Insurance of the State of New York was appointed Rehabilitator.

On October 25, 2010, the Defendant consented to the entry of an order suspending its license to transact the business of insurance in Virginia until such time as it has the financial strength to resume the transaction of the business of insurance.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to § 38.2-1040 of the Code of Virginia, the Defendant's license to transact the business of insurance in the Commonwealth of Virginia is hereby SUSPENDED;

(2) The Defendant shall issue no new contracts or policies of insurance in the Commonwealth of Virginia until further order of the Commission;

(3) The appointments of the Defendant's agents to act on behalf of the Defendant in the Commonwealth of Virginia are hereby SUSPENDED;

(4) The Defendant's agents shall transact no new insurance business on behalf of the Defendant in the Commonwealth of Virginia until further order of the Commission;

(5) The Bureau of Insurance shall cause an attested copy of this Order to be sent to each of the Defendant's agents appointed to act on behalf of the Defendant in the Commonwealth of Virginia as notice of the suspension of such agent's appointment;

(6) The Bureau of Insurance shall cause notice of the suspension of the Defendant's license to be published in the manner set forth in § 38.2-1043 of the Code of Virginia; and

(7) The Defendant may apply at any time to the Commission to reinstate its license to transact the business of insurance in the Commonwealth of Virginia.

CASE NO. INS-2010-00157
AUGUST 27, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
AARON DICAPRIO,
Defendant

ORDER REVOKING LICENSE

Based on an investigation by the Bureau of Insurance ("Bureau"), it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia, violated § 38.2-4807 A of the Code of Virginia ("Code") by failing to file the Annual Gross Premium Tax Report for 2009 on or before March 1, 2010.

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 licenses upon finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid violation.

The Defendant has been notified of his right to a hearing in this matter by certified letter dated July 14, 2010, 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, failed to request a hearing.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent and a surplus lines broker.

THE COMMISSION, is of the opinion and finds that the Defendant has violated § 38.2-4807 A of the Code by failing to file the Annual Gross Premium Tax Report for 2009 on or before March 1, 2010.

Accordingly, IT IS ORDERED THAT
:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said insurance licenses are hereby VOID;

(3) The Defendant shall transact no further business in the Commonwealth of Virginia as an insurance agent or a surplus lines broker;

(4) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2010-00158
AUGUST 27, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
GEORGE RAVELO,
Defendant

ORDER REVOKING LICENSE

Based on an investigation by the Bureau of Insurance ("Bureau"), it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia, violated § 38.2-4807 A of the Code of Virginia ("Code") by failing to file the Annual Gross Premium Tax Report for 2009 on or before March 1, 2010.

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 licenses upon finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid violation.

The Defendant has been notified of his right to a hearing in this matter by certified letter dated July 14, 2010, 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, failed to request a hearing.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent and a surplus lines broker.

THE COMMISSION, is of the opinion and finds that the Defendant has violated § 38.2-4807 A of the Code by failing to file the Annual Gross Premium Tax Report for 2009 on or before March 1, 2010.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said insurance licenses are hereby VOID;

(3) The Defendant shall transact no further business in the Commonwealth of Virginia as an insurance agent or a surplus lines broker;

(4) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2010-00159
AUGUST 27, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
DAVID STRICKER,
Defendant

ORDER REVOKING LICENSE

Based on an investigation by the Bureau of Insurance ("Bureau"), it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia, violated § 38.2-4807 A of the Code of Virginia ("Code") by failing to file the Annual Gross Premium Tax Report for 2009 on or before March 1, 2010.

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 licenses upon finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid violation.

The Defendant has been notified of his right to a hearing in this matter by certified letter dated July 14, 2010, 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, failed to request a hearing.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent and a surplus lines broker.

THE COMMISSION, is of the opinion and finds that the Defendant has violated § 38.2-4807 A of the Code by failing to file the Annual Gross Premium Tax Report for 2009 on or before March 1, 2010.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said insurance licenses are hereby VOID;

(3) The Defendant shall transact no further business in the Commonwealth of Virginia as an insurance agent or a surplus lines broker;

(4) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2010-00160
AUGUST 27, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
ALAN THOMAS,
Defendant

ORDER REVOKING LICENSE

Based on an investigation by the Bureau of Insurance ("Bureau"), it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia, violated § 38.2-4807 A of the Code of Virginia ("Code") by failing to file the Annual Gross Premium Tax Report for 2009 on or before March 1, 2010.

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 licenses upon finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid violation.

The Defendant has been notified of his right to a hearing in this matter by certified letter dated July 14, 2010, 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, failed to request a hearing.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent and a surplus lines broker.

THE COMMISSION, is of the opinion and finds that the Defendant has violated § 38.2-4807 A of the Code by failing to file the Annual Gross Premium Tax Report for 2009 on or before March 1, 2010.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said insurance licenses are hereby VOID;

(3) The Defendant shall transact no further business in the Commonwealth of Virginia as an insurance agent or a surplus lines broker;

(4) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2010-00161
AUGUST 27, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
MERILEE GREEN-DANIEL,
Defendant

ORDER REVOKING LICENSE

Based on an investigation by the Bureau of Insurance ("Bureau"), it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia, violated § 38.2-4807 A of the Code of Virginia ("Code") by failing to file the Annual Gross Premium Tax Report for 2009 on or before March 1, 2010.

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 licenses upon finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid violation.

The Defendant has been notified of her right to a hearing in this matter by certified letter dated July 16, 2010, 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, failed to request a hearing.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent and a surplus lines broker.

THE COMMISSION, is of the opinion and finds that the Defendant has violated § 38.2-4807 A of the Code by failing to file the Annual Gross Premium Tax Report for 2009 on or before March 1, 2010.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said insurance licenses are hereby VOID;

(3) The Defendant shall transact no further business in the Commonwealth of Virginia as an insurance agent or a surplus lines broker;

(4) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2010-00163
AUGUST 27, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
MELISSA LARGE,
Defendant

ORDER REVOKING LICENSE

Based on an investigation by the Bureau of Insurance ("Bureau"), it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia, violated § 38.2-4807 A of the Code of Virginia ("Code") by failing to file the Annual Gross Premium Tax Report for 2009 on or before March 1, 2010.

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 licenses upon finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid violation.

The Defendant has been notified of her right to a hearing in this matter by certified letter dated July 14, 2010, 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, failed to request a hearing.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent and a surplus lines broker.

THE COMMISSION, is of the opinion and finds that the Defendant has violated § 38.2-4807 A of the Code by failing to file the Annual Gross Premium Tax Report for 2009 on or before March 1, 2010.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said insurance licenses are hereby VOID;

(3) The Defendant shall transact no further business in the Commonwealth of Virginia as an insurance agent or a surplus lines broker;

(4) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2010-00164
SEPTEMBER 13, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
ZAYAN TAKAFUL LLC,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia, violated § 38.2-4807 A of the Code of Virginia ("Code") by failing to file the Annual Gross Premium Tax Report for 2009 on or before March 1, 2010.

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 licenses upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid violation.

The Defendant has been notified of its right to a hearing in this matter by certified letter dated July 14, 2010, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of its right to a hearing in this matter, has failed to request a hearing.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent and a surplus lines broker.

THE COMMISSION, is of the opinion and finds that the Defendant has violated § 38.2-4807 A of the Code by failing to file the Annual Gross Premium Tax Report for 2009 on or before March 1, 2010.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said insurance licenses are hereby VOID;

(3) The Defendant shall transact no further business in the Commonwealth of Virginia as an insurance agent or a surplus lines broker;

(4) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2010-00165
AUGUST 27, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
QUADRANT INSURANCE SERVICES, LLC,
Defendant

ORDER REVOKING LICENSE

Based on an investigation by the Bureau of Insurance ("Bureau"), it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia, violated § 38.2-4807 A of the Code of Virginia ("Code") by failing to file the Annual Gross Premium Tax Report for 2009 on or before March 1, 2010.

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 licenses upon finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid violation.

The Defendant has been notified of its right to a hearing in this matter by certified letter dated July 14, 2010, 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, failed to request a hearing.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent and a surplus lines broker.

THE COMMISSION, is of the opinion and finds that the Defendant has violated § 38.2-4807 A of the Code by failing to file the Annual Gross Premium Tax Report for 2009 on or before March 1, 2010.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said insurance licenses are hereby VOID;

(3) The Defendant shall transact no further business in the Commonwealth of Virginia as an insurance agent or a surplus lines broker;

(4) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2010-00166
AUGUST 13, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
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, it is alleged that the Defendants, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-317 of the Code of Virginia by delivering or issuing for delivery insurance policies or endorsements without having filed such policy forms or endorsements with the Commission at least thirty (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 of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendants' licenses upon a finding by the Commission, after notice and opportunity to be heard, that the Defendants have committed the aforesaid alleged violations.

The Defendants have been advised of their right to a hearing in this matter, whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have tendered to the Commonwealth of Virginia the sum of Two Thousand Dollars ($2,000) per company for an amount totaling Eight Thousand Dollars ($8,000), waived their right to a hearing, and agreed to comply with the Corrective Action Plan set forth in their letter to the Bureau of Insurance dated July 15, 2010.

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

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

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; and

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

CASE NO. INS-2010-00168
SEPTEMBER 10, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
JESUP & LAMONT SECURITIES,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against it by the State of New York.

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

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated July 19, 2010, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of its right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against it by the State of New York.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to sixty (60) days from the date of this Order;

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2010-00169
SEPTEMBER 10, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
BRIAN DOUGLAS FLANDERS,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against him by the State of South Dakota.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated July 20, 2010, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against him by the State of South Dakota.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to sixty (60) days from the date of this Order;

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2010-00170
SEPTEMBER 10, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
ROCKWOOD PROGRAMS, INC.,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C and subsection 1 of § 38.2-1831 of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against it by the State of Massachusetts, and by providing materially incorrect, misleading, incomplete or untrue information in its license application filed with the Commission.

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

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated July 19, 2010, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of its right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C and subsection 1 of § 38.2-1831 of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against it by the State of Massachusetts, and by providing materially incorrect, misleading, incomplete or untrue information in its license application filed with the Commission.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to sixty (60) days from the date of this Order;

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2010-00170
SEPTEMBER 29, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
ROCKWOOD PROPERTIES, INC.,
Defendant

ORDER GRANTING RECONSIDERATION

On September 10, 2010, the State Corporation Commission ("Commission") issued an Order Revoking License in this docket. On September 27, 2010, the Defendant filed a Petition for Reconsideration ("Petition") requesting that the Commission reconsider the revocation of its Virginia insurance agent 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.

According, 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.

CASE NO. INS-2010-00172
AUGUST 25, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
AGENCY INSURANCE COMPANY OF MARYLAND,
Defendant

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-305 A of the Code of Virginia by failing to provide accurate information required to be provided in insurance policies; violated § 38.2-502 by misrepresenting the benefits, advantages, conditions or terms of insurance policies; violated §§ 38.2-510 A 3 and 38.2-510 A 6, as well as 14 VAC 5-400-50 C and 14 VAC 5-400-80 D, by failing to properly handle claims; violated § 38.2-1812 by failing to properly appoint an agency; violated § 38.2-1906 D 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, 38.2-2212 D, and 38.2-2212 E by failing to properly terminate policies of insurance; and violated § 38.2-2234 A by failing to include all information required by the statute in its insurance credit disclosure notice.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of Seventeen Thousand Dollars ($17,000), waived its right to a hearing, confirmed that restitution was made to twenty-one (21) consumers in the amount of Four Thousand Six Hundred Sixty-nine Dollars and Thirty Cents ($4,669.30), and agreed to comply with the Corrective Action Plan set forth in its letters to the Bureau of Insurance dated April 28, 2010 and June 30, 2010.

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

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

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; and

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

CASE NO. INS-2010-00177
SEPTEMBER 27, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
DAVID PAGE,
Defendant

ORDER REVOKING LICENSE

Based on an investigation by the Bureau of Insurance ("Bureau"), it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia, violated § 38.2-4809 A of the Code of Virginia ("Code") by failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for calendar year 2009.

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 licenses upon finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid violation.

The Defendant has been notified of his right to a hearing in this matter by certified letter dated July 21, 2010, 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, failed to request a hearing.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent and a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-4809 A of the Code by failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for calendar year 2009.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said insurance licenses are hereby VOID;

(3) The Defendant shall transact no further business in the Commonwealth of Virginia as an insurance agent or a surplus lines broker;

(4) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2010-00178
SEPTEMBER 27, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
JAMES LUBECK,
Defendant

ORDER REVOKING LICENSE

Based on an investigation by the Bureau of Insurance ("Bureau"), it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia, violated § 38.2-4809 A of the Code of Virginia ("Code") by failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for calendar year 2009.

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 licenses upon finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid violation.

The Defendant has been notified of his right to a hearing in this matter by certified letter dated July 21, 2010, 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, failed to request a hearing.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent and a surplus lines broker.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-4809 A of the Code by failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for calendar year 2009.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said insurance licenses are hereby VOID;

(3) The Defendant shall transact no further business in the Commonwealth of Virginia as an insurance agent or a surplus lines broker;

(4) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2010-00179
SEPTEMBER 13, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
FARRUKH SIDDIQUI,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia, violated § 38.2-4807 A of the Code of Virginia ("Code") by failing to file the Annual Gross Premium Tax Report for 2009 on or before March 1, 2010.

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 licenses upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid violation.

The Defendant has been notified of his right to a hearing in this matter by certified letter dated July 21, 2010, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent and a surplus lines broker.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-4807 A of the Code by failing to file the Annual Gross Premium Tax Report for 2009 on or before March 1, 2010.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said insurance licenses are hereby VOID;

(3) The Defendant shall transact no further business in the Commonwealth of Virginia as an insurance agent or a surplus lines broker;

(4) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2010-00181
SEPTEMBER 10, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
CHRISTOPHER M. MINOR,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against him by the Financial Industry Regulatory Authority.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letters dated June 30, 2010 and July 12, 2010, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against him by the Financial Industry Regulatory Authority.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to sixty (60) days from the date of this Order;

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2010-00183
OCTOBER 4, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
THE CHARTER OAK FIRE INSURANCE COMPANY,
THE PHOENIX INSURANCE COMPANY,
THE TRAVELERS INDEMNITY COMPANY
THE TRAVELERS INDEMNITY COMPANY OF AMERICA,
THE TRAVELERS INDEMNITY COMPANY OF CONNECTICUT,
TRAVELERS PROPERTY CASUALTY COMPANY OF AMERICA,
and
TRAVELERS CASUALTY INSURANCE COMPANY OF AMERICA,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendants, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated §§ 38.2-317 and 38.2-1906 D of the Code of Virginia by delivering or issuing for delivery insurance policies or endorsements without having filed such policy forms or endorsements with the Commission at least thirty (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 Defendants.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendants' licenses upon a finding by the Commission, after notice and opportunity to be heard, that the Defendants have committed the aforesaid alleged violations.

The Defendants have been advised of their right to a hearing in this matter, whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have tendered to the Commonwealth of Virginia the sum of Two Thousand Dollars ($2,000) per company for an amount totaling Fourteen Thousand Dollars ($14,000), waived their right to a hearing, and agreed to comply with the Corrective Action Plan set forth in their letter to the Bureau of Insurance dated June 4, 2010.

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

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

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; and

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

CASE NO. INS-2010-00186
SEPTEMBER 13, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
VESPERS, LLC,
Defendant

ORDER TO TAKE NOTICE

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

Vespers, LLC, a nonresident limited liability corporation domiciled in Washington, D.C. ("Defendant"), is licensed by the Commission to act as a viatical settlement provider. On December 31, 2009, the Defendant's certificate of authority to transact business in Virginia was cancelled.

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 of Virginia be suspended.

THEREFORE, IT IS ORDERED that the Defendant TAKE NOTICE that the Commission shall enter an order subsequent to September 20, 2010, suspending the license of the Defendant to act as a viatical settlement provider in the Commonwealth of Virginia unless on or before September 20, 2010, the Defendant files with the Clerk of the Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for a hearing before the Commission with respect to the proposed suspension of the Defendant's license.

CASE NO. INS-2010-00189
OCTOBER 1, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
JEREMY ALAN STERN,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated §§ 38.2-502, 38.2-503, and 38.2-512 of the Code of Virginia by misrepresenting the benefits, advantages, conditions or terms of an insurance policy, by making, publishing, disseminating, circulating, or placing before the public an advertisement, announcement or statement containing an assertion, representation or statement relating to the business of insurance which was untrue, deceptive or misleading, and by making or causing or allowing to be made false statements or representations on or relative to an application for an insurance policy for the purpose of obtaining a fee, commission, or other benefit.

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

The Defendant has been 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 of Virginia the sum of Seven Thousand Dollars ($7,000), waived his right to a hearing, agreed to complete six (6) hours of Continuing Education ethics classes within one (1) year of the date of entry of this Order, and agreed to provide proof to the Bureau of Insurance that the ethics classes have been completed.

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

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

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; and

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

CASE NO. INS-2010-00190
SEPTEMBER 15, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
FIDELITY NATIONAL INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-305 A of the Code of Virginia by failing to provide accurate information required by statute in its insurance policies; violated § 38.2-502 by misrepresenting the benefits, advantages, conditions or terms of an insurance policy; violated § 38.2-1906 D 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 § 38.2-2126 A by failing to send credit adverse action notices to applicants or insureds; violated § 38.2-2234 A by failing to include all information required by statute in its insurance credit disclosure notice; and violated §§ 38.2-305 B, 38.2-604 B, 38.2-610 A, 38.2-1905 A, 38.2-2118, 38.2-2120, 38.2-2124, 38.2-2125, 38.2-2202 A, 38.2-2202 B, and 38.2-2206 A by failing to include accurate information in its notices.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of Fifteen Thousand Dollars ($15,000), waived its right to a hearing, confirmed that restitution was made to three (3) consumers in the amount of Two Hundred Twenty-two Dollars and Sixty Cents ($222.60), and agreed to comply with the Corrective Action Plan set forth in its letters to the Bureau of Insurance dated June 29, 2010 and August 17, 2010.

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

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

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; and

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

CASE NO. INS-2010-00191
NOVEMBER 10, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
CIGNA HEALTHCARE MID-ATLANTIC, INC.,
Defendant

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of a health maintenance organization in the Commonwealth of Virginia, in certain instances, has violated § 38.2-4306.1 B of the Code of Virginia by failing to comply with the requirements of processing interest on claim proceeds; violated §§ 38.2-316 A, 38.2-316 B, 38.2-316 C 1, 38.2-1318 C, 38.2-3407.4 A, and 38.2-4306 A 2 of the Code, as well as 14 VAC 5-211-60 A and 14 VAC 5-211-90 B, by failing to comply with policy and form requirements; violated §§ 38.2-1812 A, 38.2-1833 A 1, and 38.2-1834 D of the Code by failing to comply with agent licensing requirements; violated §§ 38.2-5802 C and 38.2-5805 B of the Code by failing to comply with the requirements governing health maintenance organizations; and violated §§ 38.2-510 A 15, 38.2-3407.15 B 1, 38.2-3407.15 B 2, 38.2-3407.15 B 3, 38.2-3407.15 B 4, 38.2-3407.15 B 5, 38.2-3407.15 B 6, 38.2-3407.15 B 7, 38.2-3407.15 B 8, 38.2-3407.15 B 9, and 38.2-3407.15 B 10 by failing to comply with the minimum fair business standards in processing and payment of claims for health care services.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-4316 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of Forty Thousand Dollars ($40,000), waived its right to a hearing, and agreed to comply with the Corrective Action Plan contained in the Market Conduct Examination Report as of March 31, 2008.

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

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

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; and

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

CASE NO. INS-2010-00199
OCTOBER 29, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
VIRGINIA SENIOR CARE GROUP, LLC,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, a limited liability company organized under the laws of Virginia, violated § 38.2-1024 of the Code of Virginia by providing liability insurance in Virginia without first obtaining a license.

The State Corporation Commission ("Commission") is authorized by §§ 38.2-218 and 38.2-219 of the Code of Virginia to impose certain monetary penalties and issue cease and desist orders upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of Five Thousand Dollars ($5,000), waived its right to a hearing, and agreed to entry of a cease and desist order.

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

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

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 cease and desist from any conduct that constitutes a violation of § 38.2-1024 of the Code of Virginia; and

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

CASE NO. INS-2010-00202
OCTOBER 21, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
ALLSTATE INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-317 of the Code of Virginia by delivering or issuing for delivery insurance policies or endorsements without having filed such policy forms or endorsements with the Commission at least thirty (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 of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of Fifteen Thousand Dollars ($15,000), waived its right to a hearing, and agreed to comply with the Corrective Action Plan set forth in its letter to the Bureau of Insurance dated September 15, 2010.

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

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

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; and

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

CASE NO. INS-2010-00204
NOVEMBER 3, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
ROBERT W. SHAFER,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated §§ 38.2-502, 38.2-512, 38.2-1812, and 38.2-1822 of the Code of Virginia by misrepresenting the benefits, advantages, conditions or terms of an insurance policy, by making false or fraudulent statements or representations on or relative to an application or any document or communication relating to the business of insurance for the purpose of obtaining a fee, commission, money, or other benefit from any insurer, agent, broker, premium finance company, or individual, by directly or indirectly sharing commissions or other valuable consideration with a person who was not properly licensed and appointed, and by knowingly permitting a person to act as an insurance agent without such person first obtaining a license in the manner and form prescribed by the Commission.

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

The Defendant has been advised of 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 of Virginia the sum of Ten Thousand Dollars ($10,000), waived his right to a hearing, and agreed to be placed on probation for a period of two (2) years from the date of entry of this Order. As a condition of probation, the Defendant has agreed to comply with all provisions of Title 38.2 of the Code of Virginia. 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 permanently revoke the Defendant's insurance agent licenses.

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

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

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 will be placed on probation for a period of two (2) years from the date of entry of this Order; and

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

CASE NO. INS-2010-00205
DECEMBER 2, 2010

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

For approval to have vendors located outside the United States contact providers in order to maintain, update, make changes to, or otherwise key information within provider databases

FINAL ORDER

On September 30, 2010, Anthem Health Plans of Virginia, Inc., and HealthKeepers, Inc. (collectively, "Anthem" or "Petitioners"), filed a Petition under Rule 5 VAC 5-20-80 of the State Corporation Commission's ("Commission") Rules of Practice and Procedure and the Final Order ("Final Order")

entered in Case No. INS-2007-00141.[1] In the Final Order, the Commission continued the requirement that Anthem cause the following services to be provided from offices located within the Commonwealth of Virginia: claims processing and case management, customer service, quality management, provider services, medical management, and network development. The Commission permitted Anthem to provide the following services from offices located outside of the Commonwealth of Virginia: actuarial, underwriting, marketing, community relations, distribution management, and sales. In the Final Order, the Commission also provided that if Anthem seeks to provide any of the aforementioned services from offices located outside of the Commonwealth of Virginia, it should seek permission from the Commission by filing a petition " . . . setting forth a specific and detailed proposal for providing such services out of state, including specific and detailed information on *how* and *where* Anthem will provide such services, as well as safeguards for ensuring adequate levels of service."[2]

In the Petition, Anthem requests that the Commission issue an Order that "approves Anthem's request to contract with vendors outside of the United States in order to directly contact providers in order to maintain, update, make changes to, or otherwise key information into Anthem's provider databases."[3]

Anthem represented in the Petition that "the ultimate goal of this Petition is to effectively manage and enhance the timeliness by which Anthem's provider information is obtained, keyed and made readily available to associates in order to manage internal workflows and reduce the potential for claims adjustment due to out-dated provider information."[4]

On October 7, 2010, the Commission entered a Scheduling Order in which it found that interested persons should be given an opportunity to comment and participate in the case. The Commission provided a deadline of October 18, 2010, for persons to comment and directed the Bureau of Insurance ("Bureau") to file a response to the Petition on or before October 25, 2010.

On October 18, 2010, the Medical Society of Virginia ("MSV"), filed a Notice of Participation and Objection to the Petition. The MSV objects to approval of the Petition, stating that it would "likely delay the timely delivery of health care, unfairly increase the work load of physician office personnel in having to deal with Anthem vendors located outside of the United States and consume valuable health care dollars which can best be directed at the delivery of patient care as opposed to consumed by being placed on hold, punted from one operator to another or repeating the same information over and over again."[5]

Also on October 18, 2010, the Virginia Medical Group Managers Association ("VMGMA") filed Comments objecting to the Petition, stating that the proposal would add cost and create less efficiency for thousands of physicians in Virginia.[6] The Division of Consumer Counsel of the Office of the Attorney General ("Consumer Counsel") also filed a Notice of Participation and Comments on October 18, 2010, asserting that Anthem's Petition does not indicate how the granting of its request will be in the best interest of the providers.[7]

The Bureau filed its response on October 22, 2010 stating that it does not oppose the relief requested by Anthem.

On November 2, 2010, Anthem filed a Motion ("Anthem Motion") for Permission to Respond to Comments and a Response to Comments ("Anthem Response"). In Anthem's Response to the MSV's objection, Anthem claims that, in the 13 states where WellPoint (its parent) outsources to vendors outside the United States, the proposed system works with great success.[8] In addition, Anthem states that it already off-shores the types of calls described in its Petition today for certain Virginia-based self-funded groups whose claims are processed on non-local systems without complaint from Virginia providers.[9]

In its Response to Comments by Consumer Counsel, Anthem asserts that training and monitoring of oversees personnel assure that services will not be degraded by allowing offshore vendors to make calls of the types encompassed by the Petition.[10] Anthem further states that off-shoring is the best option in this case because it is already a successful established process that can easily absorb the additional work from Virginia.

NOW THE COMMISSION, having considered the Petition, the responses thereto, and Anthem's Motion and Response, finds that the Motion should be granted and the Petition should be denied. After considering Anthem's Motion and Petition and the objections lodged by the MSV and VMGMA, we find that Anthem has not met its burden of proof of persuading the Commission that its request to contract with vendors outside of the United States will not degrade the quality of communications and service to Virginians.

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[1] *Petition of Anthem Health Plans of Virginia, Inc., Healthkeepers, Inc., Priority Health Care, Inc., Peninsula Health Care, Inc., Wellpoint, Inc., Anthem Southeast, Inc, For Amendment of Final Order in Case No. INS-2002-00131, Case No. INS-2007-00141*, Final Order (Aug. 9, 2007).

[2] Final Order at 8, ¶ 4.

[3] Petition at 5.

[4] Petition at 4.

[5] MSV Notice of Participation at 2.

[6] VMGMA Comments at 1.

[7] Consumer Counsel Comments at 1.

[8] Anthem Response at 3.

[9] *Id.*

[10] *Id.* at 5.

Accordingly, IT IS ORDERED THAT:

(1) Anthem's Petition is DENIED.

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

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

CASE NO. INS-2010-00206
DECEMBER 2, 2010

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

For approval to provide utilization management and case management for members receiving benefits under a Medicaid or CHIP managed care plan from locations outside of Virginia

FINAL ORDER

On September 30, 2010, Anthem Health Plans of Virginia, Inc., and HealthKeepers, Inc. (collectively, "Anthem" or "Petitioners"), filed a Petition under Rule 5 VAC 5-20-80 of the State Corporation Commission's ("Commission") Rules of Practice and Procedure and the Final Order ("Final Order") entered in Case No. INS-2007-00141.[1] In the Final Order, the Commission continued the requirement that Anthem cause the following services to be provided from offices located within the Commonwealth of Virginia: claims processing and case management, customer service, quality management, provider services, medical management, and network development. The Commission permitted Anthem to provide the following services from offices located outside of the Commonwealth of Virginia: actuarial, underwriting, marketing, community relations, distribution management, and sales. In the Final Order, the Commission also provided that if Anthem seeks to provide any of the aforementioned services from offices located outside of the Commonwealth of Virginia, it should seek permission from the Commission by filing a petition " . . . setting forth a specific and detailed proposal for providing such services out of state, including specific and detailed information on *how* and *where* Anthem will provide such services, as well as safeguards for ensuring adequate levels of service."[2]

In the Petition, Anthem requests that the Commission issue an Order that "approves Anthem's provision of utilization management and case management for members receiving benefits under a Medicaid/CHIP Managed Care plan from locations outside of Virginia, but within the United States."[3]

On October 7, 2010, the Commission entered a Scheduling Order, in which it found that interested persons should be given an opportunity to comment and participate in the case. The Commission provided a deadline of October 18, 2010, for persons to comment and directed the Bureau of Insurance ("Bureau") to file a response to the Petition on or before October 25, 2010.

No comments were filed on the Petition. The Bureau filed a response on October 22, 2010, stating that it does not oppose the relief requested by Anthem.

NOW THE COMMISSION, having considered the Petition 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 permitted to provide utilization management and case management for members receiving benefits under a Medicaid/CHIP Managed Care plan 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) The case is dismissed, and the papers herein are passed to the file for ended causes.

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[1] *Petition of Anthem Health Plans of Virginia, Inc., Healthkeepers, Inc., Priority Health Care, Inc., Peninsula Health Care, Inc., Wellpoint, Inc., Anthem Southeast, Inc, For Amendment of Final Order in Case No. INS-2002-00131*, Case No. INS-2007-00141, Final Order (Aug. 9, 2007).

[2] Final Order at 8, ¶ 4.

[3] Petition at 4.

CASE NO. INS-2010-00210
OCTOBER 8, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
AMERICAN STATES PREFERRED INSURANCE COMPANY,
GENERAL INSURANCE COMPANY OF AMERICA,
INSURANCE COMPANY OF ILLINOIS,
SAFECO INSURANCE COMPANY OF AMERICA,
SAFECO INSURANCE COMPANY OF ILLINOIS,
and
SAFECO INSURANCE COMPANY OF INDIANA,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendants, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-305 A of the Code of Virginia by failing to provide accurate information required by statute in their insurance policies; violated § 38.2-305 B by failing to include accurate information in their notices; violated § 38.2-317 A by failing to use forms on file with the Bureau; violated § 38.2-502 by misrepresenting the benefits, advantages, conditions or terms of an insurance policy; violated §§ 38.2-510 A 3 and 38.2-510 A 10 by failing to properly handle claims; violated § 38.2-511 by failing to maintain a complete complaint register; violated § 38.2-610 A by failing to provide insureds with written notice of an adverse underwriting decision; violated § 38.2-1318 by failing to provide convenient access to files, documents, and records relating to an examination; violated § 38.2-1812 E by paying commissions to a trade name that was not registered with the Bureau; violated § 38.2-1822 A by knowingly permitting unlicensed entities to act as agents on behalf of the companies; violated § 38.2-1833 by failing to properly appoint agents and agencies; violated § 38.2-1905 A by failing to notify insureds in writing when their policies were surcharged for at-fault accidents; violated § 38.2-1906 D 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 §§ 38.2-604 B, 38.2-604 C, 38-2-604.1 B, 38.2-2124, 38.2-2202 A, and 38.2-2210 A for failing to include accurate information in their notices as required by these statutes; violated §§ 38.2-2113 C, 38.2-2114 A, 38.2-2208, and 38.2-2212 F by failing to properly terminate policies of insurance; violated §§ 38.2-2214 and 38.2-2220 for failing to use standard forms; violated § 38.2-2234 A by failing to include all information required by statute in their insurance credit disclosure notices; and violated 14 VAC 5-400-30, 14 VAC 5-400-40 A, 14 VAC 5-400-50 C, and 14 VAC 5-400-80 D by failing to properly handle claims.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendants' licenses upon a finding by the Commission, after notice and opportunity to be heard, that the Defendants have committed the aforesaid alleged violations.

The Defendants have been advised of their right to a hearing in this matter, whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have tendered to the Commonwealth of Virginia the sum of Two Hundred One Thousand Dollars ($201,000), waived their right to a hearing, agreed to comply with the Corrective Action Plan set forth in their letters to the Bureau of Insurance dated April 5, 2010, May 27, 2010, and August 6, 2010, and have confirmed that restitution was made to 26 consumers in the amount of Four Thousand Four Hundred Sixty-three Dollars and Seventy-six Cents ($4,463.76).

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

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

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; and

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

CASE NO. INS-2010-00212
OCTOBER 7, 2010

ALLSTATE INDEMNITY COMPANY, ALLSTATE INSURANCE COMPANY,
ALLSTATE FIRE AND CASUALTY INSURANCE COMPANY,
ALLSTATE PROPERTY AND CASUALTY INSURANCE COMPANY,
DEERBROOK INSURANCE COMPANY, ENCOMPASS INDEMNITY COMPANY,
ENCOMPASS INSURANCE COMPANY, ENCOMPASS INSURANCE COMPANY OF AMERICA,
ENCOMPASS PROPERTY AND CASUALTY INSURANCE COMPANY,
ENCOMPASS INDEPENDENT INSURANCE COMPANY, NORTHBROOK INDEMNITY COMPANY

Ex Parte: In the matter of Approval of a Multi-State Regulatory Settlement Agreement Between Allstate Insurance Company, *et al.* and the Insurance Commissioners of the States of Illinois, Florida, Iowa, and New York, for the Virginia State Corporation Commission Bureau of Insurance

ORDER APPROVING SETTLEMENT AGREEMENT

ON THIS DAY came the Bureau of Insurance ("Bureau"), by counsel, and requested Commission approval and acceptance of a multi-state Regulatory Settlement Agreement ("Agreement") dated August 27, 2010, a copy of which is attached hereto and made a part hereof, by and between the Commissioners of Insurance for the States of Illinois, Florida, Iowa, and New York, and Allstate Indemnity Company, Allstate Insurance Company, Allstate Fire and Casualty Insurance Company, Allstate Property and Casualty Insurance Company, Deerbrook Insurance Company, Encompass Indemnity Company, Encompass Insurance Company, Encompass Insurance Company of America, Encompass Property and Casualty Insurance Company, Encompass Independent Insurance Company, and Northbrook Indemnity Company (collectively, "Allstate Companies"), which are licensed to transact the business of insurance in the Commonwealth of Virginia.

AND 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, and finds, and ORDERS that the Agreement be, and it is hereby, APPROVED AND ACCEPTED.

NOTE: A copy of Attachment A entitled "Multi-State Market Conduct Regulatory 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-2010-00214
OCTOBER 20, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

Ex Parte: In the matter of Repealing and Adopting New Rules Governing Advertisement of Life Insurance and Annuities

ORDER TO TAKE NOTICE

Section 12.1-13 of the Code of Virginia provides that the State Corporation Commission ("Commission") shall have the power to promulgate rules and regulations in the enforcement and administration of all laws within its jurisdiction, and § 38.2-223 of the Code of Virginia provides that the Commission may issue any rules and regulations necessary or appropriate for the administration and enforcement of Title 38.2 of the Code of Virginia.

The rules and regulations issued by the Commission pursuant to § 38.2-223 of the Code of Virginia are set forth in Title 14 of the Virginia Administrative Code.

The Bureau of Insurance ("Bureau") has submitted to the Commission a proposal to repeal Chapter 40 of Title 14 of the Virginia Administrative Code entitled Rules Governing Life Insurance and Annuity Marketing Practices ("Rules"), which are set out at 14 VAC 5-40-10 through 14 VAC 5-40-80, and proposes a new chapter, Chapter 41 of Title 14 of the Virginia Administrative Code entitled Rules Governing Advertisement of Life Insurance and Annuities ("Proposed Rules") set forth at 14 VAC 5-41-10 through 14 VAC 5-41-160.

The repeal of Chapter 40 is necessary because the Rules are old and outdated, and many provisions are no longer applicable to current advertisement practices.

The Proposed Rules in Chapter 41 address and clarify many of the advertisement requirements found in the Code of Virginia, retain some of the provisions from Chapter 40, and more closely follow the National Association of Insurance Commissioners' (NAIC) Model Regulation on this subject. The Proposed Rules establish the form and content of advertisements and general disclosure requirements, set standards for advertisements that include information on premiums, nonguaranteed policy elements and benefits, address policy costs and cost comparison requirements, insurer identity, advertisements using testimonials or offering introductory or special offers, requirements for policies sold to students and licensing, as well as approval and records maintenance requirements.

The Commission is of the opinion that the Rules contained in Chapter 40 of Title 14 of the Virginia Administrative Code should be repealed, and the Proposed Rules at Chapter 41 of Title 14 of the Virginia Administrative Code should be considered for adoption.

THEREFORE, IT IS ORDERED THAT:

(1) The proposal that Chapter 40 of Title 14 of the Virginia Administrative Code set out at 14 VAC 5-40-10 through 14 VAC 5-40-80 be repealed and a new chapter proposed at Chapter 41 of Title 14 of the Virginia Administrative Code set forth at 14 VAC 5-41-10 through 14 VAC 5-41-160, be attached hereto and made a part hereof.

(2) All interested persons who desire to comment in support of or in opposition to, or request a hearing to oppose the repeal of Chapter 40 and the adoption of the proposed new Chapter 41 shall file such comments or hearing request on or before December 17, 2010, with the Clerk of the Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218 and shall refer to Case No. INS-2010-00214. Interested persons desiring to submit comments electronically may do so by following the instructions at the Commission's website: http://www.scc.virginia.gov/caseinfo.htm.

(3) If no written request for a hearing on the proposed repeal and adoption of new rules is filed on or before December 17, 2010, the Commission, upon consideration of any comments submitted in support of or in opposition to the proposal, may repeal Chapter 40 and adopt proposed Chapter 41 of Title 14 of the Virginia Administrative Code as proposed by the Bureau of Insurance.

(4) AN ATTESTED COPY hereof, together with a copy of the proposal to repeal and adopt new rules, shall be sent by the Clerk of the Commission to the Bureau of Insurance in care of Deputy Commissioner Jacqueline K. Cunningham, who forthwith shall give further notice of the proposal to repeal and adopt new rules by mailing a copy of this Order, together with the proposal, to all insurers licensed by the Commission to write life insurance and annuity contracts in the Commonwealth of Virginia, as well as all interested parties.

(5) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the proposal to repeal and adopt new 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 revisions to the Rules on the Commission's website: http://www.scc.virginia.gov/case.

(7) The Bureau of Insurance shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of paragraph (4) above.

NOTE: A copy of Attachment A entitled "Rules Governing Advertisement of Life Insurance and Annuities" 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-2010-00215
OCTOBER 21, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
NYDIA WHYTE,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against her by the State of West Virginia.

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

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated September 15, 2010, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of her right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against her by the State of West Virginia.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to sixty (60) days from the date of this Order;

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2010-00216
DECEMBER 2, 2010

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

For approval to provide quality management services from locations outside of Virginia for member grievances on provider quality of care

FINAL ORDER

On October 15, 2010, Anthem Health Plans of Virginia, Inc., and HealthKeepers, Inc. (collectively, "Anthem" or "Petitioners"), filed a Petition under Rule 5 VAC 5-20-80 of the State Corporation Commission's ("Commission") Rules of Practice and Procedure and the Final Order ("Final Order") entered in Case No. INS-2007-00141.[1] In the Final Order, the Commission continued the requirement that Anthem cause the following services to be provided from offices located within the Commonwealth of Virginia: claims processing and case management, customer service, quality management, provider services, medical management, and network development. The Commission permitted Anthem to provide the following services from offices located outside of the Commonwealth of Virginia: actuarial, underwriting, marketing, community relations, distribution management, and sales. In the Final Order, the Commission also provided that if Anthem seeks to provide any of the aforementioned services from offices located outside of the Commonwealth of Virginia, it should seek permission from the Commission by filing a petition " . . . setting forth a specific and detailed proposal for providing such services out of state, including specific and detailed information on *how* and *where* Anthem will provide such services, as well as safeguards for ensuring adequate levels of service."[2]

In the Petition, Anthem requests "relief, in part, from the requirements in the Final Order for quality management services for member grievances concerning provider quality of care to be provided only in Virginia."[3] Anthem further represents that such quality management services will, if the Petition is granted, be performed by registered nurses located in Kentucky, Ohio, and Missouri.

On November 1, 2010, the Medical Society of Virginia, filed a Notice of Participation in which it stated that the "Medical Society does not oppose the Anthem Petition and will continue to monitor closely the feedback from its physician members as to how Anthem performs should this petition be granted."[4] The Medical Society of Virginia also stated that it "reserves the right to seek relief and reversal of any relief granted to Anthem if the performance by Anthem or its agents as outlined in the Petition causes disruption, delay, work loan increases or creates difficulties in the delivery of health care by its physician members."[5]

On November 5, 2010, the Division of Consumer Counsel of the Office of the Attorney General ("Consumer Counsel") filed comments in which it neither supported nor opposed the requested relief.

On November 15, 2010, the Bureau filed a response stating that it does not oppose the relief requested by Anthem.

NOW THE COMMISSION, having considered the Petition and the responses thereto, finds that the Petition should be granted.

Accordingly, IT IS ORDERED THAT:

(1) Anthem's Petition is GRANTED.

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[1] *Petition of Anthem Health Plans of Virginia, Inc., Healthkeepers, Inc., Priority Health Care, Inc., Peninsula Health Care, Inc., Wellpoint, Inc., Anthem Southeast, Inc, For Amendment of Final Order in Case No. INS-2002-00131*, Case No. INS-2007-00141, Final Order (Aug. 9, 2007).

[2] Final Order at 8, ¶ 4.

[3] Petition at 2.

[4] Notice at 2.

[5] *Id.*

(2) Anthem is permitted to provide quality management services for member grievances concerning provider quality of care 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) The case is dismissed, and the papers herein are passed to the file for ended causes.

CASE NO. INS-2010-00217
NOVEMBER 1, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
GABRIELLE R. HALL,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated §§ 38.2-1826 A and C of the Code of Virginia by failing to report within thirty days to the Commission and to every insurer for which she is appointed a change in her residence address, and by failing to report to the Commission within thirty (30) 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 of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated September 24, 2010, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of her right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1826 A and C of the Code of Virginia by failing to report within thirty (30) 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 thirty (30) days an administrative action that was taken against her by the State of California.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to sixty (60) days from the date of this Order;

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2010-00223
NOVEMBER 17, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
AMBER L. MASSEY,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1819 of the Code of Virginia by failing to make a written application to the Commission in the form and containing the information the Commission prescribes.

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

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated September 29, 2010, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of her right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1819 of the Code of Virginia by failing to make a written application to the Commission in the form and containing the information the Commission prescribes.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to sixty (60) days from the date of this Order;

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2010-00224
NOVEMBER 12, 2010

APPLICATION OF
OXFORD LIFE INSURANCE COMPANY

For approval of an assumption reinsurance agreement pursuant to § 38.2-136 C of the Code of Virginia

ORDER APPROVING APPLICATION

By petition filed with the State Corporation Commission ("Commission") on October 27, 2010, Oxford Life Insurance Company ("Petitioner"), an Arizona-domiciled insurer licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, requested approval of an assumption reinsurance agreement pursuant to § 38.2-136 of the Code of Virginia ("Code").

Effective September 1, 2010, the Petitioner entered into an assumption reinsurance agreement that provided for assuming National States Insurance Company in Rehabilitation's ("National States") Medicare supplement policies.

On October 8, 2010, the Circuit Court of Cole County, Missouri, approved the reinsurance agreement upon the motion of the Director of the Missouri Department of Insurance in his capacity as Rehabilitator of National States.

Pursuant to § 38.2-136 C of the Code, the Petitioner has requested that the Commission waive the policyholder consent to this transaction required by § 38.2-136 B of the Code by finding that the transfer of the policies to the Petitioner is in the best interest of policyholders.

The Bureau of Insurance, having reviewed the application to ensure that Virginia policyholders will not lose any rights or claims afforded under their original contracts pursuant to Chapter 17 of Title 38.2 of the Code, has recommended that the application be approved.

NOW THE COMMISSION , having considered the application, the recommendation of the Bureau of Insurance that the application be approved, and the law applicable hereto, is of the opinion that the application should be approved;

Accordingly, IT IS ORDERED THAT the application of Oxford Life Insurance Company for the approval of the reinsurance agreement pursuant to § 38.2-136 C of the Code of Virginia be, and it is hereby, APPROVED.

CASE NO. INS-2010-00246
DECEMBER 22, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
MONITOR LIFE INSURANCE COMPANY OF NEW YORK,
Defendant

CONSENT ORDER

Monitor Life Insurance Company of New York ("Defendant"), a New York domiciled insurer, was initially licensed by the State Corporation Commission to transact the business of insurance in the Commonwealth of Virginia on October 21, 1986.

The Defendant timely filed its June 30, 2010, Quarterly Statement, which reflects that the Defendant's surplus is below the $3,000,000 minimum required by § 38.2-1028 of the Code of Virginia.

On November 1, 2010, the Defendant, through its President Paul H. Trevvett, filed with the Bureau of Insurance ("Bureau") an affidavit stating that it has ceased writing new business and consenting to the suspension of its license.

The Bureau has recommended that the license of the Defendant be suspended.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 38.2-1040 of the Code of Virginia, the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia is hereby SUSPENDED;

(2) The Defendant shall issue no new contracts or policies of insurance in the Commonwealth of Virginia until further order of the Commission;

(3) The appointments of the Defendant's agents to act on behalf of the Defendant in the Commonwealth of Virginia are hereby SUSPENDED;

(4) The Defendant's agents shall transact no new insurance business on behalf of the Defendant in the Commonwealth of Virginia until further order of the Commission;

(5) The Bureau of Insurance shall cause an attested copy of this Order to be sent to each of the Defendant's agents appointed to act on behalf of the Defendant in the Commonwealth of Virginia as notice of the suspension of such agent's appointment; and

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

CASE NO. INS-2010-00249
DECEMBER 7, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
GARY JOHN LORD,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C and subsection 1 of § 38.2-1831 of the Code of Virginia by failing to report to the Commission within thirty (30) days an administrative action that was taken against him by the

States of Colorado and Oklahoma, and by providing materially incorrect, misleading, incomplete or untrue information in his license application filed with the Commission.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letters dated October 12, 2010 and November 8, 2010, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C and subsection 1 of § 38.2-1831 of the Code of Virginia by failing to report to the Commission within thirty (30) days an administrative action that was taken against him by the States of Colorado and Oklahoma, and by providing materially incorrect, misleading, incomplete or untrue information in his license application filed with the Commission.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to sixty (60) days from the date of this Order;

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2010-00252
DECEMBER 22, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
KELLY JEAN CARRATURA,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 55-525.24 (formerly § 6.1-2.23) and 38.2-1831 of the Code of Virginia by failing to disburse funds pursuant to a written instruction or agreement specifying how and to whom such funds may be disbursed, and by demonstrating financial irresponsibility in the handling of applicant, policyholder, agency, or insurance company funds.

The Commission is authorized by § 55-525.31 of the Code of Virginia to impose certain monetary penalties and to suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations of Chapters 27.2 and 27.3 of Title 55 of the Code of Virginia.

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

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letters dated May 11, 2010, and October 7, 2010, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of her right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 55-525.24 and 38.2-1831 of the Code of Virginia by failing to disburse funds pursuant to a written instruction or agreement specifying how and to whom such funds may be disbursed, and by demonstrating financial irresponsibility in the handling of applicant, policyholder, agency, or insurance company funds.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to sixty (60) days from the date of this Order;

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS-2010-00255
DECEMBER 29, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
AMERICAS INSURANCE COMPANY,
Defendant

IMPAIRMENT ORDER

Americas Insurance Company, a foreign corporation domiciled in the State of Louisiana ("Defendant") and licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, is required to maintain minimum capital of $1,000,000 and minimum surplus of $3,000,000.

Section 38.2-1036 of the Code of Virginia 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 of Virginia while the impairment of its surplus exists.

The Quarterly Statement of the Defendant, dated September 30, 2010, and filed with the Commission's Bureau of Insurance, indicates capital of $3,000,000 and surplus of $2,416,380, and impairment in surplus of $583,620.

Accordingly, IT IS ORDERED THAT:

(1) On or before April 1, 2011, the Defendant eliminate the impairment in its surplus and restore the same to at least $3,000,000 and advise the Commission of the accomplishment thereof by affidavit of the Defendant's president or other authorized officer.

(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.

DIVISION OF PUBLIC SERVICE TAXATION

CASE NOS. PST-2004-00030, PST-2006-00024, PST-2007-00019, and PST-2008-00026
JUNE 30, 2010

APPLICATION OF
LEVEL 3 COMMUNICATIONS, LLC

For Review and Correction of Certification of Gross Receipts - Tax Year 2003

APPLICATION OF
LEVEL 3 COMMUNICATIONS, LLC

For Review and Correction of Certification of Gross Receipts for the year ended December 31, 2004

APPLICATION OF
LEVEL 3 COMMUNICATIONS, LLC

For Review and Correction of Certification of Gross Receipts

APPLICATION OF
LEVEL 3 COMMUNICATIONS, LLC

For Review and Correction of Certification of Gross Receipts

FINAL ORDER

Before the State Corporation Commission ("Commission") are these applications for review and correction of our certifications of gross receipts, which might be subject to the minimum tax imposed by § 58.1-400.1 of the Code of Virginia (hereinafter "Code"). As required by that provision of the Code, the Commission must collect from telecommunications companies information on gross receipts and certify the amount of such gross receipts to the Virginia Department of Taxation ("Department"). As provided by § 58.1-2674.1 of the Code, Level 3 Communications, LLC ("Level 3" or "Company"), filed for review and correction of our certifications to the Department for the years ending December 31, 2002 (Case No. PST-2004-00030, the "2004 Application"); December 31, 2004 (Case No. PST-2006-00024, the "2006 Application"); December 31, 2005 (Case No. PST-2007-00019, the "2007 Application"); and December 31, 2006 (Case No. PST-2008-00026, the "2008 Application").

These applications are addressed in the Report of Michael D. Thomas, Hearing Examiner, dated April 12, 2010 ("Report"). Hearing Examiner Thomas recommended that the Commission adopt a settlement offered by Level 3, respondent Department, which was represented by the Office of the Attorney General, and the Commission Staff ("Staff"). The settlement proposes correction of the certifications for each year to reflect recalculation of the deductions from gross receipts provided by § 58.1-400.1 D 2 i, ii, and iii of the Code. The recalculated deductions would reduce the amounts of gross receipts certified to the Department for all four (4) years. The proposed settlement did not extend to gross receipts related to Internet services provided by Level 3.

As discussed in the Report, the Commission has considered and rejected Level 3's arguments that the Internet-related gross receipts should also be excluded from the amounts certified to the Department.[1] In his recommendations, Hearing Examiner Thomas noted that the Company and the Department object to the Commission's disposition of the Internet issues in the Order Dismissing, In Part, Application and Opinion entered in the 2004 Application.[2]

For the reasons addressed in this Order, the Commission will adopt the Hearing Examiner's recommendation to accept the proposed recalculations and consequent reductions of the amounts certified to the Department as set out in the proposed settlement.

In the 2004 Application, the Commission considered and rejected Level 3's contentions that federal law requires that Internet-related gross receipts must be excluded from the certified gross receipts. The parties and the Staff have not identified any change in federal or Virginia law in the intervening period that would require us to reconsider the issue of whether federal law requires the Commission to exclude additional gross receipts from the amount certified to the Department. We adopt the reasoning and conclusions we reached in our Order Dismissing, In Part, Application and Opinion in the 2004 Application with regard to the 2006, 2007, and 2008 Applications.

The Commission will not repeat in full our earlier discussion. In brief, Level 3 contends that federal statutes[3] require the exclusion of Internet-related gross receipts from the amount certified to the Department. In so arguing, the Company ignores the wording of the federal statute. The provision that Level 3 would have us consider does not reach our duty under Virginia law.

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[1] *Application of Level 3 Communications, LLC, For Review and Correction of Certification of Gross Receipts-Tax Year 2003,* Case No. PST-2004-00030, 2008 S.C.C. Ann. Rept. 240, Order Dismissing, In Part, Application (Nov. 13, 2008); Opinion (March 5, 2009).

[2] Report at 8.

[3] Internet Tax Freedom Act, Pub. L. No. 105-277, 112 Stat. 2681, 2719 (1998), as amended by the Internet Tax Nondiscrimination Act, Pub. L. No. 107–75, 115 Stat. 703 (2001), as further amended by the Internet Tax. Nondiscrimination Act, Pub. L. No. 108-435, 118 Stat. 2615 (2004), and as further amended by the Internet Tax. Freedom Act Amendments Act of 2007, Pub. L. No. 110-108, 121 Stat. 1024 (2007) (codified at 47 U.S.C. § 151 note).

SEC. 1101. MORATORIUM.
(a) Moratorium.—No State or political subdivision thereof may impose any of the following taxes during the period beginning November 1, 2003, and ending November 1, 2014:

(1) Taxes on Internet access.

(2) Multiple or discriminatory taxes on electronic commerce.[4]

The identified federal statute limits state and local taxation. The federal statute does not address the Commission's duty under Virginia law to collect information on gross receipts; to determine that the deductions provided by Virginia law have been properly taken; and to provide that information to the Department of Taxation. The Commission does not determine whether a company is liable for the minimum tax levied by § 58.1-400.1 of the Code, nor does it collect the tax. Any liability for the minimum tax cannot be determined without first calculating Virginia income tax liability. The calculation of income tax liability is clearly beyond the Commission's jurisdiction.

Further, the Commission is charged with applying Virginia tax law as enacted. The definition of gross receipts and the statutory deductions from the amount to be certified set out in § 58.1-400.1 D of the Code control our action here. There is no language in § 58.1-400.1 of the Code that empowers the Commission to modify the definition of gross receipts or to establish additional deductions from gross receipts.

For these reasons and for the reasons further stated in our Order Dismissing, In Part, Application and Opinion in the 2004 Application, we will deny the 2006, 2007, and 2008 Applications to the extent the Company seeks exclusion of Internet-related gross receipts from the certifications to the Department.

The Commission finds that the reductions in the certified amounts of gross receipts proposed in the settlement should be adopted. According to the Joint Stipulation of Facts of March 15, 2010, Level 3 provided the best information available, and the Staff recalculated the deductions from gross receipts for each year to arrive at a reasonable and economical settlement.[5] We accept the Hearing Examiner's recommendation that the settlement be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The Company's Application in Case No. PST-2004-00030 not previously dismissed by the Commission's Order Dismissing, In Part, Application of November 13, 2008, be granted to the extent discussed above and otherwise be denied.

(2) The Company's Application in Case No. PST-2006-00024 be granted to the extent discussed above and otherwise be denied.

(3) The Company's Application in Case No. PST-2007-00019 be granted to the extent discussed above and otherwise be denied.

(4) The Company's Application in Case No. PST-2008-00026 be granted to the extent discussed above and otherwise be denied.

(5) The Commission's certification of May 14, 2003, to the Department, "Gross Receipts of Telecommunications Companies: A Statement showing the Gross Receipts subject to the minimum tax for the year ending December 31, 2002, of Telecommunications Companies in the Commonwealth of Virginia pursuant to Title .1, Chapter 3, Article 10, of the Code of Virginia," page 9, for Level 3 Communications, LLC, be corrected by striking the figure $52,244,791 and inserting the figure $31,275,731.

(6) The Commission's certification of May 12, 2005, to the Department, "Gross Receipts of Telecommunications Companies: A Statement showing the Gross Receipts subject to the minimum tax for the year ending December 31, 2004, of Telecommunications Companies in the Commonwealth of Virginia pursuant to Title 58.1, Chapter 3, Article 10, of the Code of Virginia," page 10, for Level 3 Communications, LLC, be corrected by striking the figure $58,684,003 and inserting the figure $53,536,270.

(7) The Commission's certification of May 12, 2006, to the Department, "Gross Receipts of Telecommunications Companies: A Statement showing the Gross Receipts subject to the minimum tax for the year ending December 31, 2005, of Telecommunications Companies in the Commonwealth of Virginia pursuant to Title 58.1, Chapter 3, Article 10, of the Code of Virginia," page 9, for Level 3 Communications, LLC, be corrected by striking the figure $55,040,251 and inserting the figure $43,217,717.

(8) The Commission's certification of May 11, 2007, to the Department, "Gross Receipts of Telecommunications Companies: A Statement showing the Gross Receipts subject to the minimum tax for the year ending December 31, 2006, of Telecommunications Companies in the Commonwealth of Virginia pursuant to Title 58.1, Chapter 3, Article 10, of the Code of Virginia," page 9, for Level 3 Communications, LLC, be corrected by striking the figure $54,044,231 and inserting the figure $49,940,519.

(9) The Commission's Public Service Taxation Division shall promptly provide to the Department a copy of this Order and such other information as the Department may require.

(10) Case No. PST-2004-00030, Case No. PST-2006-00024, Case No. PST-2007-00019, and Case No. PST-2008-00026 be dismissed from the Commission's docket and placed in closed status in the records maintained by the Clerk of the Commission.

[4] Internet Tax Nondiscrimination Act, Pub. L. No. 108-435, 118 Stat. 2615 (2004), as amended by Internet Tax Freedom Act Amendments Act of 2007, Pub. L. No. 110-108, 121 Stat. 1024, codified at 47 U.S.C. § 151 nt.

[5] Report at 7.

DIVISION OF COMMUNICATIONS

CASE NO. PUC-1997-00007
JUNE 29, 2010

IN THE MATTER OF
VERIZON SOUTH INC.
and
MCI WORLDCOM COMMUNICATIONS OF VIRGINIA, INC.

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER CLOSING CASE

By Orders entered July 9, 1997, and May 7, 2004, in this matter, the State Corporation Commission ("Commission") approved an interconnection agreement and amendment, respectively, between Verizon South Inc. f/k/a GTE ("Verizon South") and MCI WorldCom Communications of Virginia, Inc. ("MCI WorldCom"). Further, on June 20, 2006, the Commission approved additional amendments to the interconnection agreement between Verizon South and MCI WorldCom. By Order entered October 19, 2004, in Case No. PUC-2003-00183, the Commission canceled MCI WorldCom's previously issued certificate of public convenience and necessity as a local exchange carrier. As a result, MCI WorldCom is no longer authorized to provide local exchange service within the Commonwealth of Virginia.

On June 16, 2010, Verizon South filed with the Commission a "Notification of Termination of Interconnection Agreement," along with notice from MCI WorldCom's successors that the interconnection agreement could be terminated.

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 and amendments 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-1997-00007 is hereby closed.

CASE NO. PUC-1997-00028
AUGUST 17, 2010

IN THE MATTER OF
VERIZON VIRGINIA INC.
and
INTERMEDIA COMMUNICATIONS, INC.

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER CLOSING CASE

By Orders entered July 30, 1997, July 7, 1998, and June 18, 2004, in this matter, the State Corporation Commission ("Commission") approved an interconnection agreement and amendments, respectively, between Verizon Virginia, Inc. f/k/a Bell Atlantic – Virginia, Inc. ("Verizon Virginia") and Intermedia Communications, Inc. ("Intermedia"). Further, on February 7, 2006, the Commission approved additional amendments to the interconnection agreement between Verizon Virginia and Intermedia. By Order entered October 19, 2004, in Case No. PUC-2003-00183, the Commission canceled Intermedia's previously issued certificates of public convenience and necessity. As a result, Intermedia is no longer authorized to provide local exchange service within the Commonwealth of Virginia.

On June 16, 2010, Verizon Virginia filed with the Commission a "Notification of Termination of Interconnection Agreement," along with notice from Intermedia's successors that the interconnection agreement could be terminated.

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 and amendments 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-1997-00028 is hereby closed.

CASE NO. PUC-1997-00035
NOVEMBER 12, 2010

APPLICATION OF
VERIZON VIRGINIA INC.
and
ALLTEL COMMUNICATIONS OF VIRGINIA, INC.

For approval of interconnection agreement

ORDER CLOSING CASE

On March 22, 2006, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, Verizon Virginia Inc. ("Verizon") and Alltel Communications of Virginia, Inc. ("Alltel"), filed a negotiated Wireless Interconnection Agreement and Amendment No. 1 ("WIA Agreement") with the State Corporation Commission ("Commission"). The WIA Agreement was assigned Case No. PUC-2006-00045. Verizon and Alltel indicated that the WIA Agreement replaced the original agreement approved by the Commission in this docket on June 19, 1997.[1] The WIA Agreement became effective on September 16, 2006.

NOW THE COMMISSION finds that the WIA Agreement supersedes the agreement approved in this matter. The Commission is of the opinion, therefore, that Case No. PUC-1997-00035 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matter is hereby dismissed from the Commission's docket of active cases.

[1] The original agreement was under their former names of Bell Atlantic-Virginia, Inc., and 360º Communications Company, respectively.

CASE NO. PUC-1998-00124
NOVEMBER 9, 2010

APPLICATION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA
and
VIRGINIA PCS ALLIANCE, L.C.

For approval of interconnection agreement

ORDER CLOSING CASE

On December 22, 2005, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, Central Telephone Company of Virginia ("Sprint") and Virginia PCS Alliance, L.C. ("NTELOS"), filed a negotiated Interconnection Agreement ("ICA Agreement") with the State Corporation Commission ("Commission"). The ICA Agreement was assigned Case No. PUC-2005-00174. Sprint and NTELOS indicated that the ICA Agreement replaced the original agreement approved by the Commission in this docket on November 6, 1998. The ICA Agreement became effective on November 9, 2005.

NOW THE COMMISSION finds that the ICA Agreement supersedes the agreement approved in this matter. The Commission is of the opinion, therefore, that Case No. PUC-1998-00124 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matter is hereby dismissed from the Commission's docket of active cases.

CASE NO. PUC-1998-00149
JANUARY 22, 2010

IN THE MATTER OF
VERIZON VIRGINIA INC.
and
NORTHPOINT COMMUNICATIONS OF VIRGINIA, INC.

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER CLOSING CASE

By Order entered December 3, 1998, in this matter, the State Corporation Commission ("Commission") approved an interconnection agreement between the parties named in the caption.[1] Northpoint Communications of Virginia, Inc.'s ("Northpoint"), certificates of public convenience and necessity were cancelled by Order entered in Case No. PUC-2001-00097 and, therefore, Northpoint is no longer authorized to provide service in Virginia.

[1] Verizon Virginia Inc.'s predecessor, Bell Atlantic-Virginia, Inc., was the actual executing party to the interconnection agreement.

NOW THE COMMISSION, being sufficiently advised, finds that there is nothing further to be acted upon in the instant case and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-1998-00149 is hereby closed.

CASE NO. PUC-1998-00169
NOVEMBER 9, 2010

APPLICATION OF
AX TELECOMMUNICATIONS, INCORPORATED

For a certificate of public convenience and necessity to provide local exchange telecommunications services

ORDER CLOSING CASE

By Order entered December 14, 2005, in Case No. PUC-2005-00149, the State Corporation Commission ("Commission") cancelled the certificate of public convenience and necessity previously issued to Ax Telecommunications, Incorporated ("Ax" or "Company"), at Ax's request. As a result, the Company is no longer authorized to provide telecommunications services in the Commonwealth of Virginia.

NOW THE COMMISSION, being sufficiently advised, finds that there is nothing further to be acted upon in the instant case, wherein the Commission approved a certificate of public convenience and necessity, and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-1998-00169 is hereby closed.

CASE NO. PUC-1998-00190
JANUARY 21, 2010

APPLICATION OF
EZ TALK COMMUNICATIONS, L.L.C.

For a certificate of public convenience and necessity to provide local exchange telecommunications services

ORDER CLOSING CASE

By Order entered July 28, 1999, in this matter, the State Corporation Commission ("Commission") granted to EZ Talk Communications, L.L.C. ("EZ Talk"), a certificate of public convenience and necessity to provide local exchange telecommunications services throughout the Commonwealth of Virginia. The certificate of public convenience and necessity issued to EZ Talk was cancelled by Order entered in Case No. PUC-2006-00036 and, therefore, EZ Talk is no longer authorized to provide service in Virginia.[1]

NOW THE COMMISSION, being sufficiently advised, finds that there is nothing further to be acted upon in the instant case and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-1998-00190 is hereby closed.

[1] While EZ Talk's certificate of public convenience and necessity was cancelled in Case No. PUC-2006-00036, the Order cancelling that certificate inadvertently failed to close the instant case, PUC-1998-00190, in which the certificate was granted.

CASE NO. PUC-1999-00030
JANUARY 22, 2010

IN THE MATTER OF
VERIZON VIRGINIA INC.
and
xDSL NETWORKS, INC.

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER CLOSING CASE

By Order entered May 14, 1999, in this matter, the State Corporation Commission ("Commission") approved an interconnection agreement between the parties named in the caption.[1] xDSL Networks, Inc.'s ("xDSL"), certificates of public convenience and necessity were cancelled by Order entered in Case No. PUC-1998-00128 and, therefore, xDSL is no longer authorized to provide service in Virginia.

[1] Verizon Virginia Inc.'s predecessor, Bell Atlantic-Virginia, Inc., was the actual executing party to the interconnection agreement.

NOW THE COMMISSION, being sufficiently advised, finds that there is nothing further to be acted upon in the instant case and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-1999-00030 is hereby closed.

CASE NO. PUC-1999-00058
JANUARY 22, 2010

IN THE MATTER OF
VERIZON VIRGINIA INC.
and
LIGHTYEAR COMMUNICATIONS OF VIRGINIA, INC. f/k/a UNIDIAL COMMUNICATIONS, INC.

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER CLOSING CASE

By Order entered June 25, 1999, in this matter, the State Corporation Commission ("Commission") approved an interconnection agreement between the parties named in the caption.[1] The certificate of public convenience and necessity issued to Lightyear Communications of Virginia, Inc. f/k/a UniDial Communications, Inc. ("Lightyear") was cancelled by Order entered in Case No. PUC-2004-00104 and, therefore, Lightyear is no longer authorized to provide service in Virginia.

NOW THE COMMISSION, being sufficiently advised, finds that there is nothing further to be acted upon in the instant case and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-1999-00058 is hereby closed.

[1] Verizon Virginia Inc.'s predecessor, Bell Atlantic-Virginia, Inc., was the actual executing party to the interconnection agreement.

CASE NO. PUC-1999-00060
NOVEMBER 9, 2010

APPLICATION OF
NOW COMMUNICATIONS OF VIRGINIA, INC.

For a certificate of public convenience and necessity to provide local exchange telecommunications services

ORDER CLOSING CASE

By Order entered August 18, 2005, in Case No. PUC-2005-00077, the State Corporation Commission ("Commission") cancelled the certificate of public convenience and necessity previously issued to NOW Communications of Virginia, Inc. ("NOW" or "Company") at NOW's request. As a result, the Company is no longer authorized to provide telecommunications services in the Commonwealth of Virginia.

NOW THE COMMISSION, being sufficiently advised, finds that there is nothing further to be acted upon in the instant case, wherein the Commission approved a certificate of public convenience and necessity, and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-1999-00060 is hereby closed.

CASE NO. PUC-1999-00111
JANUARY 22, 2010

IN THE MATTER OF
VERIZON VIRGINIA INC.
and
ALLEGIANCE TELECOM OF VIRGINIA, INC.

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER CLOSING CASE

By Order entered November 29, 1999, in this matter, the State Corporation Commission ("Commission") approved an interconnection agreement between the parties named in the caption.[1] The certificate of public convenience and necessity issued to Allegiance Telecom of Virginia, Inc. ("Allegiance"), was cancelled by Order entered in Case No. PUC-2005-00043 and, therefore, Allegiance is no longer authorized to provide service in Virginia.

NOW THE COMMISSION, being sufficiently advised, finds that there is nothing further to be acted upon in the instant case and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-1999-00111 is hereby closed.

[1] Verizon Virginia Inc.'s predecessor, Bell Atlantic-Virginia, Inc., was the actual executing party to the interconnection agreement.

CASE NO. PUC-1999-00131
NOVEMBER 12, 2010

APPLICATION OF
VERIZON VIRGINIA INC.
and
QWEST COMMUNICATIONS CORPORATION

For approval of interconnection agreement

ORDER CLOSING CASE

By Order entered October 26, 1999, the State Corporation Commission ("Commission") approved an Internet connection agreement between Verizon Virginia Inc. ("Verizon")[1] and Qwest Communications Corporation ("Qwest"). On September 17, 2009, Verizon filed its Notification of Termination of Interconnection Agreement.

NOW THE COMMISSION, being sufficiently advised, finds that there is nothing further to be acted upon in the instant case and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-1999-00131 is hereby closed.

[1]Verizon's former name was Bell Atlantic-Virginia, Inc.

CASE NO. PUC-1999-00154
JANUARY 22, 2010

IN THE MATTER OF
VERIZON VIRGINIA INC.
and
ALLTEL COMMUNICATIONS OF VIRGINIA, INC. f/k/a 360° COMMUNICATIONS COMPANY OF CHARLOTTESVILLE d/b/a ALLTEL

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER CLOSING CASE

By Order entered December 7, 1999, in this matter, the State Corporation Commission ("Commission") approved an interconnection agreement between the parties named in the caption.[1] Alltel Communications of Virginia, Inc. f/k/a 360° Communications Company of Charlottesville d/b/a Alltel's

[1] Verizon Virginia Inc.'s predecessor, Bell Atlantic-Virginia, Inc., was the actual executing party to the interconnection agreement.

("Alltel"),[2] certificates of public convenience and necessity were cancelled by Order entered in Case No. PUC-2008-00090 and, therefore, Alltel is no longer authorized to provide service in Virginia.

NOW THE COMMISSION, being sufficiently advised, finds that there is nothing further to be acted upon in the instant case and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-1999-00154 is hereby closed.

[2] 360° Communications Company of Charlottesville d/b/a Alltel changed its corporate name to Alltel Communications of Virginia, Inc. The certificates of public convenience and necessity were reissued under the new corporate name in Case No. PUC-2002-00028.

CASE NO. PUC-1999-00173
JANUARY 22, 2010

IN THE MATTER OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA
and
PV TEL OF VIRGINIA

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER CLOSING CASE

By Order entered December 30, 1999, in this matter, the State Corporation Commission ("Commission") approved an interconnection agreement between the parties named in the caption. The certificate of public convenience and necessity issued to PV Tel of Virginia ("PV Tel") was cancelled by Order entered in Case No. PUC-2001-00078 and, therefore, PV Tel is no longer authorized to provide service in Virginia.

NOW THE COMMISSION, being sufficiently advised, finds that there is nothing further to be acted upon in the instant case and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-1999-00173 is hereby closed.

CASE NO. PUC-1999-00174
JANUARY 22, 2010

IN THE MATTER OF
UNITED TELEPHONE-SOUTHEAST, INC.
and
PV TEL OF VIRGINIA

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER CLOSING CASE

By Order entered December 30, 1999, in this matter, the State Corporation Commission ("Commission") approved an interconnection agreement between the parties named in the caption. The certificate of public convenience and necessity issued to PV Tel of Virginia ("PV Tel") was cancelled by Order entered in Case No. PUC-2001-00078 and, therefore, PV Tel is no longer authorized to provide service in Virginia.

NOW THE COMMISSION, being sufficiently advised, finds that there is nothing further to be acted upon in the instant case and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-1999-00174 is hereby closed.

CASE NO. PUC-1999-00179
JANUARY 22, 2010

APPLICATION OF
METRO TELECONNECT, INC.

For a certificate of public convenience and necessity to provide local exchange telecommunications services

ORDER CLOSING CASE

By Order entered February 16, 2000, in this matter, the State Corporation Commission ("Commission") granted to Metro Teleconnect, Inc. ("MTI"), a certificate of public convenience and necessity to provide local exchange telecommunications services throughout the Commonwealth of

Virginia. The certificate of public convenience and necessity issued to MTI was canceled by Order entered in Case No. PUC-2005-00166 and, therefore, MTI is no longer authorized to provide service in Virginia.[1]

NOW THE COMMISSION, being sufficiently advised, finds that there is nothing further to be acted upon in the instant case and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-1999-00179 is hereby closed.

[1] While MTI's certificate of public convenience and necessity was canceled in Case No. PUC-2005-00166, the Order canceling that certificate inadvertently failed to close the instant case, PUC-1999-00179, in which the certificate was granted.

CASE NO. PUC-1999-00241
JANUARY 22, 2010

IN THE MATTER OF
VERIZON VIRGINIA INC.
and
ARBROS COMMUNICATIONS LICENSING COMPANY, VA

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER CLOSING CASE

By Order entered March 1, 2000, in this matter, the State Corporation Commission ("Commission") approved an interconnection agreement between the parties named in the caption. The certificate of public convenience and necessity issued to Arbros Communications Licensing Company, VA ("Arbros"), was cancelled by Order entered in Case No. PUC-2002-00047 and, therefore, Arbros is no longer authorized to provide service in Virginia.

NOW THE COMMISSION, being sufficiently advised, finds that there is nothing further to be acted upon in the instant case and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-1999-00241 is hereby closed.

CASE NO. PUC-2000-00141
NOVEMBER 19, 2010

APPLICATION OF
VERIZON SOUTH INC.
and
360º COMMUNICATIONS COMPANY OF CHARLOTTESVILLE D/B/A ALLTEL

For approval of interconnection agreement

ORDER CLOSING CASE

On March 22, 2006, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, Verizon South Inc. ("Verizon") and 360º Communications Company of Charlottesville d/b/a Alltel ("Alltel"), filed a negotiated Interconnection Agreement ("Agreement") with the State Corporation Commission ("Commission"). The Agreement was assigned Case No. PUC-2006-00121. Verizon and Alltel indicated that the Agreement replaced the original agreement approved by the Commission in this docket on July 26, 2000.[1] The Agreement became effective on May 6, 2005.

NOW THE COMMISSION finds that the Agreement supersedes the agreement approved in this matter. The Commission is of the opinion, therefore, that Case No. PUC-2000-00141 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matter is hereby dismissed from the Commission's docket of active cases.

[1] The original agreement was under their former names of GTE South Incorporated and 360º Communications Company of Charlottesville, respectively.

CASE NOS. PUC-2000-00155 AND PUC-2000-00156
NOVEMBER 16, 2010

APPLICATION OF
UNITED TELEPHONE-SOUTHEAST, INC.
and
SPRINT COMMUNICATIONS COMPANY OF VIRGINIA, INC.

APPLICATION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA
and
SPRINT COMMUNICATIONS COMPANY OF VIRGINIA, INC.

For approval of interconnection agreement

ORDER CLOSING CASES

On December 17, 2004, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, United Telephone–Southeast, Inc., Central Telephone Company of Virginia (collectively, "Sprint") and Sprint Communications Company of Virginia, Inc. ("Sprint Communications"), filed a negotiated Interconnection Agreement ("Agreement") with the State Corporation Commission ("Commission"). The Agreement was assigned Case No. PUC-2004-00161. Sprint and Sprint Communications indicated that the Agreement replaced the original agreements approved by the Commission in these dockets on August 21, 2000. The Agreement became effective on December 1, 2004.

NOW THE COMMISSION finds that the Agreement supersedes the agreements approved in these matters. The Commission is of the opinion, therefore, that Case Nos. PUC-2000-00155 and PUC-2000-00156 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matters are hereby dismissed from the Commission's docket of active cases.

CASE NO. PUC-2000-00292
NOVEMBER 16, 2010

APPLICATION OF
AMELIA TELEPHONE CORPORATION
NEW CASTLE TELEPHONE COMPANY
VIRGINIA TELEPHONE COMPANY
and
UNITED STATES CELLULAR CORPORATION

For approval of interconnection agreement

ORDER CLOSING CASE

On September 16, 2005, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, Amelia Telephone Corporation, New Castle Telephone Company, and Virginia Telephone Company, acting through their agent, TDS Telecommunications Corporation (collectively "TDS"), and United States Cellular Corporation ("US Cellular") filed a negotiated Interconnection Agreement ("Agreement") with the State Corporation Commission ("Commission"). The Agreement was assigned Case No. PUC-2005-00130. TDS and US Cellular indicated that the Agreement replaced the original agreement approved by the Commission in this docket on January 19, 2001. The Agreement became effective on July 1, 2005.

NOW THE COMMISSION finds that the Agreement supersedes the agreement approved in this matter. The Commission is of the opinion, therefore, that Case No. PUC-2000-00292 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matter is hereby dismissed from the Commission's docket of active cases.

CASE NOS. PUC-2000-00312 AND PUC-2000-00313
NOVEMBER 16, 2010

APPLICATION OF
UNITED TELEPHONE-SOUTHEAST, INC.
and
METRO TELECONNECT, INC.

APPLICATION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA
and
METRO TELECONNECT, INC.

For approval of interconnection agreement

ORDER CLOSING CASES

On September 22, 2003, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, United Telephone–Southeast, Inc., Central Telephone Company of Virginia (collectively, "Sprint") and Metro Teleconnect, Inc. ("Metro"), filed a negotiated Interconnection Agreement ("Agreement") with the State Corporation Commission ("Commission"), which became effective on August 15, 2003. The Agreement was assigned Case No. PUC-2003-00147. The Commission approved the Agreement on December 2, 2003.

On March 15, 2004, Sprint and Metro filed Amendment 1 to the Agreement, to become effective on March 1, 2004. Amendment 1 was approved by the Commission on June 11, 2004.

Sprint and Metro indicated that the Agreement and Amendment 1 replaced the original agreements approved by the Commission in these dockets on February 6, 2001.

NOW THE COMMISSION finds that the Agreement and Amendment 1 supersede the agreements approved in these matters. The Commission is of the opinion, therefore, that Case Nos. PUC-2000-00312 and PUC-2000-00313 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matters are hereby dismissed from the Commission's docket of active cases.

CASE NOS. PUC-2001-00009 AND PUC-2001-00010
NOVEMBER 16, 2010

APPLICATION OF
UNITED TELEPHONE-SOUTHEAST, INC.
and
KMC TELECOM OF VIRGINIA, INC.
KMC TELECOM IV OF VIRGINIA, INC.
KMC TELECOM V OF VIRGINIA, INC.

APPLICATION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA
and
KMC TELECOM OF VIRGINIA, INC.
KMC TELECOM IV OF VIRGINIA, INC.
KMC TELECOM V OF VIRGINIA, INC.

For approval of interconnection agreement

ORDER CLOSING CASES

On July 11, 2005, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, United Telephone–Southeast, Inc., Central Telephone Company of Virginia (collectively, "Sprint") and KMC Telecom of Virginia, Inc., KMC Telecom IV of Virginia, Inc., KMC Telecom V of Virginia, Inc. (collectively, "KMC"), filed a negotiated Interconnection Agreement ("Agreement") with the State Corporation Commission ("Commission"). The Agreement was assigned Case No. PUC-2005-00080. Sprint and KMC indicated that the Agreement replaced the original agreements approved by the Commission in Case No. PUC-2001-00009 on May 7, 2001, and in Case No. PUC-2001-00010 on March 30, 2001. The Agreement became effective on June 15, 2005.

NOW THE COMMISSION finds that the Agreement supersedes the agreements approved in these matters. The Commission is of the opinion, therefore, that Case Nos. PUC-2001-00009 and PUC-2001-00010 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matters are hereby dismissed from the Commission's docket of active cases.

CASE NO. PUC-2001-00021
NOVEMBER 16, 2010

APPLICATION OF
AMELIA TELEPHONE CORPORATION
NEW CASTLE TELEPHONE COMPANY
VIRGINIA TELEPHONE COMPANY
and
VIRGINIA PCS ALLIANCE, L.C. D/B/A NTELOS

For approval of interconnection agreement

ORDER CLOSING CASE

On November 7, 2008, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, Amelia Telephone Corporation, New Castle Telephone Company, and Virginia Telephone Company, acting through their agent, TDS Telecommunications Corporation (collectively "TDS"), and Virginia PCS Alliance, L.C. d/b/a NTELOS ("NTELOS") filed a negotiated Wireless Interconnection Agreement ("Agreement") with the State Corporation Commission ("Commission"). The Agreement was assigned Case No. PUC-2008-00097. TDS and NTELOS indicated that the Agreement replaced the original agreement approved by the Commission in this docket on March 19, 2001. The Agreement became effective on October 1, 2008.

NOW THE COMMISSION finds that the Agreement supersedes the agreement approved in this matter. The Commission is of the opinion, therefore, that Case No. PUC-2001-00021 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matter is hereby dismissed from the Commission's docket of active cases.

CASE NO. PUC-2001-00118
NOVEMBER 19, 2010

APPLICATION OF
AMELIA TELEPHONE CORPORATION
NEW CASTLE TELEPHONE COMPANY
VIRGINIA TELEPHONE COMPANY
and
CINGULAR WIRELESS LLC

For approval of interconnection agreement

ORDER CLOSING CASE

On September 16, 2005, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, Amelia Telephone Corporation, New Castle Telephone Company, and Virginia Telephone Company, acting through their agent, TDS Telecommunications Corporation (collectively, "TDS"), and Cingular Wireless LLC ("Cingular") filed a negotiated Interconnection Agreement ("Agreement") with the State Corporation Commission ("Commission"). The Agreement was assigned Case No. PUC-2005-00131. TDS and Cingular indicated that the Agreement replaced the original agreement approved by the Commission in this docket on June 22, 2001.[1] The Agreement became effective on June 1, 2005.

NOW THE COMMISSION finds that the Agreement supersedes the agreement approved in this matter. The Commission is of the opinion, therefore, that Case No. PUC-2001-00118 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matter is hereby dismissed from the Commission's docket of active cases.

[1] Under Cingular's former name of Triton PCS Operating Company, L.L.C.

CASE NO. PUC-2001-00193
DECEMBER 16, 2010

APPLICATION OF
VERIZON SOUTH INC.
and
ADELPHIA BUSINESS SOLUTIONS OF VIRGINIA, L.L.C.

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER CLOSING CASE

By Order entered August 6, 2009, in Case No. PUC-2009-00034, the State Corporation Commission ("Commission") cancelled the certificates of public convenience and necessity previously issued to Adelphia Business Solutions of Virginia, L.L.C. ("Adelphia" or "Company"), as all assets and

customers of Adelphia were transferred to Level 3 Communications, LLC.[1] The Company accordingly requested the cancellation of its certificates of public convenience and necessity.

On July 9, 2010, Verizon South Inc., by counsel, filed with the Commission a Notification of Termination of Interconnection Agreement.

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-2001-00093 is hereby closed.

[1] The corporate identity of Adelphia has been addressed numerous times since the instant docket was opened in 2001. *Application of Adelphia Business Solutions of Virginia, L.L.C., For update of certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services to reflect the new company name*, Case No. PUC-2004-00071, 2004 S.C.C. Ann. Rept. 257, Order (June 11, 2004) (TelCove of Virginia, LLC); *Joint Petition of TelCove of Virginia, LLC, and TelCove Operations, LLC, For approval of an internal reorganization and direct transfer of control of TelCove of Virginia, LLC, to TelCove Operations, LLC*, Case No. PUC-2007-00043, 2007 S.C.C. Ann. Rept. 263, Order Granting Approval (June 28, 2007); and *Joint Petition of TelCove Operations, LLC, Level 3 Communications, LLC, and Eldorado Acquisition Three, LLC, For approval of an internal reorganization and pro forma transfer of control of TelCove Operations, LLC, from Eldorado Acquisition Three, LLC, to Level 3 Communications, LLC*, Case No. PUC-2008-00063, 2008 S.C.C. Ann. Rept. 307, Order Granting Approval (Oct. 1, 2008) (Eldorado Acquisition Three, LLC, is a wholly owned subsidiary of Level 3 Communications, LLC).

CASE NO. PUC-2002-00031
NOVEMBER 19, 2010

APPLICATION OF
UNITED TELEPHONE-SOUTHEAST, INC.
and
CENTRAL TELEPHONE COMPANY OF VIRGINIA
and
NOW COMMUNICATIONS, INC.

For approval of interconnection agreement

ORDER CLOSING CASE

On February 14, 2003, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, United Telephone–Southeast, Inc., Central Telephone Company of Virginia (collectively, "Sprint") and NOW Communications, Inc. ("NOW"), filed a negotiated Interconnection Agreement ("Agreement") with the State Corporation Commission ("Commission"), which became effective on February 12, 2003. The Agreement was assigned Case No. PUC-2003-00021. The Commission approved the Agreement on March 26, 2003.

Sprint and NOW indicated that the Agreement replaced the original agreement approved by the Commission in this docket on May 1, 2002.

NOW THE COMMISSION finds that the Agreement supersedes the agreement approved in this matter. The Commission is of the opinion, therefore, that Case No. PUC-2002-00031 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matter is hereby dismissed from the Commission's docket of active cases.

CASE NO. PUC-2002-00035
NOVEMBER 16, 2010

APPLICATION OF
VERIZON VIRGINIA INC.
and
VIC-RMTS-DC, L.L.C. d/b/a VERIZON AVENUE

For approval of interconnection agreement

ORDER CLOSING CASE

On April 29, 2003, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, Verizon Virginia Inc. ("Verizon") and VIC-RMTS-DC, L.L.C. d/b/a Verizon Avenue ("VZA"), filed a negotiated Interconnection Agreement ("Agreement") with the State Corporation Commission ("Commission"). The Agreement was assigned Case No. PUC-2003-00081.

The Agreement became effective October 2, 2003. On October 12, 2004, Verizon and VZA filed Amendments 1 and 2 ("Amendments") to the Agreement. The Agreement, as amended, became effective on January 6, 2004. The Amendments were approved by the Commission on January 10, 2005.

Verizon and VZA indicated that the Agreement and Amendments replaced the original agreement approved by the Commission in this docket on May 22, 2002.

NOW THE COMMISSION finds that the Agreement supersedes the agreement approved in this matter. The Commission is of the opinion, therefore, that Case No. PUC-2002-00035 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matter is hereby dismissed from the Commission's docket of active cases.

CASE NO. PUC-2002-00045
NOVEMBER 16, 2010

APPLICATION OF
VERIZON SOUTH INC.
and
ALLTEL COMMUNICATIONS, INC.

For approval of interconnection agreement

ORDER CLOSING CASE

On March 22, 2006, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, Verizon South Inc. ("Verizon") and Alltel Communications of Virginia, Inc. ("Alltel"), filed a negotiated Wireless Interconnection Agreement and Amendment No. 1 ("Agreement") with the State Corporation Commission ("Commission"). The Agreement was assigned Case No. PUC-2006-00046. Verizon and Alltel indicated that the Agreement replaced the original agreement approved by the Commission in this docket on May 16, 2002. The Agreement became effective on September 16, 2005.

NOW THE COMMISSION finds that the Agreement supersedes the agreement approved in this matter. The Commission is of the opinion, therefore, that Case No. PUC-2002-00045 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matter is hereby dismissed from the Commission's docket of active cases.

CASE NO. PUC-2002-00099
NOVEMBER 19, 2010

JOINT APPLICATION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA
AND
UNITED-TELEPHONE-SOUTHEAST, INC.
and
METROCALL, INC.

For approval of interconnection agreement

ORDER CLOSING CASE

On June 6, 2005, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, Central Telephone Company of Virginia, United Telephone–Southeast, Inc. (collectively, "Sprint"), and Metrocall, Inc. ("Metrocall"), filed a negotiated Interconnection Agreement ("Agreement") with the State Corporation Commission ("Commission"), which became effective on May 15, 2005. The Agreement was assigned Case No. PUC-2005-00068. The Commission approved the Agreement on September 6, 2005.

Sprint and Metrocall indicated that the Agreement replaced the original agreement approved by the Commission in this docket on June 19, 2002.

NOW THE COMMISSION finds that the Agreement supersedes the agreement approved in this matter. The Commission is of the opinion, therefore, that Case No. PUC-2002-00099 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matter is hereby dismissed from the Commission's docket of active cases.

CASE NO. PUC-2002-00113
NOVEMBER 16, 2010

JOINT APPLICATION OF
NTELOS TELEPHONE INC.
and
VIRGINIA PCS ALLIANCE, L.C.

For approval of interconnection agreement

ORDER CLOSING CASE

On January 21, 2004, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, NTELOS Telephone Inc. and Virginia PCS Alliance, L.C. ("VPA"), filed a negotiated Interconnection Agreement ("Agreement") with the State Corporation Commission ("Commission"). The Agreement was assigned Case No. PUC-2004-00008 and approved by the Commission on March 31, 2004. NTELOS and VPA indicated that the Agreement replaced the original agreement approved by the Commission in this docket on July 26, 2002. The Agreement became effective on December 21, 2003.

NOW THE COMMISSION finds that the Agreement supersedes the agreement approved in this matter. The Commission is of the opinion, therefore, that Case No. PUC-2002-00113 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matter is hereby dismissed from the Commission's docket of active cases.

CASE NOS. PUC-2002-00120 AND PUC-2004-00032
NOVEMBER 16, 2010

APPLICATION OF
UNITED TELEPHONE-SOUTHEAST, INC.
and
CENTRAL TELEPHONE COMPANY OF VIRGINIA
and
LEVEL 3 COMMUNICATIONS, LLC

APPLICATION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA
and
UNITED TELEPHONE-SOUTHEAST, INC.
and
LEVEL 3 COMMUNICATIONS, LLC

For approval of interconnection agreement

ORDER CLOSING CASES

On October 3, 2006, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, United Telephone–Southeast, Inc., Central Telephone Company of Virginia (collectively, "Embarq") and Level 3 Communications, LLC ("Level 3"), filed a negotiated Interconnection Agreement ("Agreement") with the State Corporation Commission ("Commission"). The Agreement was assigned Case No. PUC-2006-00134. The Commission approved the Agreement on January 2, 2007. Embarq and Level 3 indicated that the Agreement replaced the agreement approved by the Commission in Case No. PUC-2004-00032 on April 26, 2004, and that such agreement approved in Case No. PUC-2004-00032 replaced the original agreement approved by the Commission in Case No. PUC-2002-00120 on August 14, 2002.

NOW THE COMMISSION finds that both agreements approved in these matters have been superseded. The Commission is of the opinion, therefore, that Case Nos. PUC-2002-00120 and PUC-2004-00032 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matters are hereby dismissed from the Commission's docket of active cases.

CASE NO. PUC-2002-00136
NOVEMBER 17, 2010

APPLICATION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA
and
UNITED TELEPHONE-SOUTHEAST, INC.
and
DSLNET COMMUNICATIONS VIRGINIA, INC.

For approval of interconnection agreement

ORDER CLOSING CASE

On September 16, 2008, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, Central Telephone Company of Virginia, United Telephone–Southeast, Inc. (collectively, "Embarq"), and DSLnet Communications Virginia, Inc. ("DSLnet"), filed a negotiated Interconnection Agreement ("Agreement") with the State Corporation Commission ("Commission"), which became effective on July 21, 2008. The Agreement was assigned Case No. PUC-2008-00078. The Commission approved the Agreement on December 15, 2008. Embarq and DSLnet indicated that the Agreement replaced the original agreements approved by the Commission in Case No. PUC-2002-00136 on August 6, 2002.

NOW THE COMMISSION finds that the Agreement supersedes the agreement approved in this matter. The Commission is of the opinion, therefore, that Case No. PUC-2002-00136 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matter is hereby dismissed from the Commission's docket of active cases.

CASE NOS. PUC-2002-00150, PUC-2002-00232
AND PUC-2005-00064
NOVEMBER 23, 2010

APPLICATION OF
UNITED TELEPHONE-SOUTHEAST, INC.
and
CENTRAL TELEPHONE COMPANY OF VIRGINIA
and
NTELOS NETWORK, INC.

APPLICATION OF
UNITED TELEPHONE-SOUTHEAST, INC.
and
CENTRAL TELEPHONE COMPANY OF VIRGINIA
and
NA COMMUNICATIONS, INC.

APPLICATION OF
UNITED TELEPHONE-SOUTHEAST, INC.
and
CENTRAL TELEPHONE COMPANY OF VIRGINIA
and
NTELOS NETWORK, INC.
and
NA COMMUNICATIONS, INC.

For approval of interconnection agreement

ORDER CLOSING CASES

On March 25, 2008, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, United Telephone–Southeast, Inc., Central Telephone Company of Virginia, NTELOS Network, Inc., and NA Communications, Inc. (collectively, the "Parties"), filed a negotiated Interconnection Agreement ("Agreement") with the State Corporation Commission ("Commission"). The Agreement was assigned Case No. PUC-2008-00028. The Commission approved the Agreement on June 23, 2008. The Parties indicated that the Agreement replaced the agreement approved by the Commission in Case No. PUC-2005-00064 on August 17, 2005, and that such agreement approved in Case No. PUC-2005-00064 replaced the agreements approved by the Commission in Case No. PUC-2002-00232 on February 14, 2003, and in Case No. PUC-2002-00150 on September 13, 2002.

NOW THE COMMISSION finds that the previous agreements in these matters have all been superseded. The Commission is of the opinion, therefore, that Case Nos. PUC-2002-00150, PUC-2002-00232, and PUC-2005-00064 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matters are hereby dismissed from the Commission's docket of active cases.

CASE NOS. PUC-2002-00218 AND PUC-2005-00066
NOVEMBER 16, 2010

APPLICATION OF
UNITED TELEPHONE-SOUTHEAST, INC.
and
CENTRAL TELEPHONE COMPANY OF VIRGINIA
and
CAVALIER BROADBAND, LLC

APPLICATION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA
and
UNITED TELEPHONE-SOUTHEAST, INC.
and
CAVALIER BROADBAND, LLC

For approval of interconnection agreement

ORDER CLOSING CASES

On October 17, 2007, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, United Telephone–Southeast, Inc., Central Telephone Company of Virginia (collectively, "Embarq") and Cavalier Broadband, LLC ("Cavalier"), filed a negotiated Interconnection Agreement ("Agreement") with the State Corporation Commission ("Commission"). The Agreement was assigned Case No. PUC-2007-00093. The Commission approved the Agreement on January 15, 2008. Embarq and Cavalier indicated that the Agreement replaced the agreement approved by the Commission in Case No. PUC-2005-00066 on August 30, 2005, and that such agreement approved in Case No. PUC-2005-00066 replaced the original agreement approved by the Commission in Case No. PUC-2002-00218 on December 18, 2002.

NOW THE COMMISSION finds that both agreements approved in these matters have been superseded. The Commission is of the opinion, therefore, that Case Nos. PUC-2002-00218 and PUC-2005-00066 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matters are hereby dismissed from the Commission's docket of active cases.

CASE NO. PUC-2002-00227 AND PUC-2005-00164
NOVEMBER 23, 2010

APPLICATION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA
and
UNITED TELEPHONE-SOUTHEAST, INC.
and
MOUNTAINET TELEPHONE COMPANY

CENTRAL TELEPHONE COMPANY OF VIRGINIA
and
UNITED TELEPHONE-SOUTHEAST, INC.
and
MOUNTAINET TELEPHONE COMPANY

For approval of interconnection agreement

ORDER CLOSING CASES

On November 14, 2008, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, Central Telephone Company of Virginia, United Telephone–Southeast, Inc. (collectively, "Embarq"), and MountaiNet ("MountaiNet") filed a negotiated Interconnection Agreement ("Agreement") with the State Corporation Commission ("Commission"). The Agreement was assigned Case No. PUC-2008-00099. The Commission approved the Agreement on February 12, 2009. Embarq and MountaiNet indicated that the Agreement replaced the agreement approved by the Commission in Case No. PUC-2005-00164 on February 27, 2006, and that such agreement approved in Case No. PUC-2005-00164 replaced the original agreement approved by the Commission in Case No. PUC-2002-00227 on February 6, 2003.

NOW THE COMMISSION finds that both agreements approved in these matters have been superseded. The Commission is of the opinion, therefore, that Case Nos. PUC-2002-00227 and PUC-2005-00164 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matters are hereby dismissed from the Commission's docket of active cases.

CASE NOS. PUC-2003-00022 AND PUC-2003-00032
NOVEMBER 23, 2010

APPLICATION OF
UNITED TELEPHONE-SOUTHEAST, INC.
and
CENTRAL TELEPHONE COMPANY OF VIRGINIA
and
CITIZENS COMMUNICATIONS CORPORATION

APPLICATION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA
and
UNITED TELEPHONE-SOUTHEAST, INC.
and
CITIZENS COMMUNICATIONS CORPORATION

For approval of interconnection agreement

ORDER CLOSING CASES

On September 21, 2006, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, Central Telephone Company of Virginia, United Telephone–Southeast, Inc. (collectively, "Embarq"), and Citizens Communications Corporation ("Citizens") filed a negotiated Interconnection Agreement ("Agreement") with the State Corporation Commission ("Commission"). The Agreement was assigned Case No. PUC-2006-00129. The Commission approved the Agreement on December 20, 2006. Embarq and Citizens indicated that the Agreement replaced the agreements approved by the Commission in Case No. PUC-2003-00032 on March 31, 2003, and in Case No. PUC-2003-00022 on March 26, 2003.

NOW THE COMMISSION finds that both agreements approved in these matters have been superseded. The Commission is of the opinion, therefore, that Case Nos. PUC-2003-00022 and PUC-2003-00032 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matters are hereby dismissed from the Commission's docket of active cases.

CASE NO. PUC-2003-00047
NOVEMBER 23, 2010

APPLICATION OF
UNITED TELEPHONE-SOUTHEAST, INC.
and
CENTRAL TELEPHONE COMPANY OF VIRGINIA
and
THE CITY OF BRISTOL D/B/A BRISTOL VIRGINIA UTILITIES BOARD

For approval of interconnection agreement

ORDER CLOSING CASE

On July 7, 2006, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, United Telephone–Southeast, Inc., Central Telephone Company of Virginia (collectively, "Embarq"), and The City of Bristol d/b/a Bristol Virginia Utilities Board ("Bristol") filed a negotiated Interconnection Agreement ("Agreement") with the State Corporation Commission ("Commission"), which became effective on June 28, 2006. The Agreement was assigned Case No. PUC-2006-00093. The Commission approved the Agreement on October 5, 2006. Embarq and Bristol indicated that the Agreement replaced the original agreement approved by the Commission in Case No. PUC-2003-00047 on May 29, 2003.

NOW THE COMMISSION finds that the Agreement supersedes the agreement approved in this matter. The Commission is of the opinion, therefore, that Case No. PUC-2003-00047 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matter is hereby dismissed from the Commission's docket of active cases.

CASE NO. PUC-2003-00050
NOVEMBER 23, 2010

APPLICATION OF
UNITED TELEPHONE-SOUTHEAST, INC.
and
CENTRAL TELEPHONE COMPANY OF VIRGINIA
and
US LEC OF VIRGINIA, L.L.C.

For approval of interconnection agreement

ORDER CLOSING CASE

On March 20, 2006, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, United Telephone–Southeast, Inc., Central Telephone Company of Virginia (collectively, "Sprint"), and US LEC of Virginia, L.L.C. ("US LEC"), filed a negotiated Interconnection Agreement ("Agreement") with the State Corporation Commission ("Commission"), which became effective on November 15, 2005. The Agreement was assigned Case No. PUC-2006-00042. The Commission approved the Agreement on June 19, 2006. Sprint and US LEC indicated that the Agreement replaced the original agreement approved by the Commission in Case No. PUC-2003-00050 on May 8, 2003.

NOW THE COMMISSION finds that the Agreement supersedes the agreement approved in this matter. The Commission is of the opinion, therefore, that Case No. PUC-2003-00050 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matter is hereby dismissed from the Commission's docket of active cases.

CASE NO. PUC-2003-00101
DECEMBER 16, 2010

APPLICATION OF
UNITED TELEPHONE-SOUTHEAST, INC.
and
CENTRAL TELEPHONE COMPANY OF VIRGINIA
and
METTEL OF VA, INC.

For approval of interconnection agreement

ORDER CLOSING CASE

On September 24, 2009, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, United Telephone–Southeast, Inc., Central Telephone Company of Virginia (collectively, "Embarq"), and MetTel of VA, Inc. ("MetTel"), filed a negotiated Interconnection Agreement ("Agreement") with the State Corporation Commission ("Commission"). The Agreement was assigned Case No. PUC-2009-00052. The Commission approved the Agreement on December 23, 2009.

Embarq and MetTel indicated that the Agreement replaced the original agreement approved by the Commission in this docket on July 11, 2003.

NOW THE COMMISSION finds that the Agreement supersedes the agreement approved in this matter. The Commission is of the opinion, therefore, that Case No. PUC-2003-00101 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matter is hereby dismissed from the Commission's docket of active cases.

CASE NO. PUC-2003-00121
DECEMBER 16, 2010

APPLICATION OF
UNITED TELEPHONE-SOUTHEAST, INC.
and
CENTRAL TELEPHONE COMPANY OF VIRGINIA
and
TCG VIRGINIA, INC.

For approval of interconnection agreement

ORDER CLOSING CASE

On June 1, 2006, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, United Telephone–Southeast, Inc., Central Telephone Company of Virginia (collectively, "Embarq"), and TCG Virginia, Inc. ("TCG"), filed a negotiated Interconnection Agreement

("Agreement") with the State Corporation Commission ("Commission"). The Agreement was assigned Case No. PUC-2006-00076. The Commission approved the Agreement on August 30, 2006.

Embarq and TCG indicated that the Agreement replaced the original agreement approved by the Commission in this docket on September 9, 2003.

NOW THE COMMISSION finds that the Agreement supersedes the agreement approved in this matter. The Commission is of the opinion, therefore, that Case No. PUC-2003-00121 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matter is hereby dismissed from the Commission's docket of active cases.

CASE NO. PUC-2003-00122
DECEMBER 20, 2010

APPLICATION OF
UNITED TELEPHONE-SOUTHEAST, INC.
AND
CENTRAL TELEPHONE COMPANY OF VIRGINIA
and
AT&T COMMUNICATIONS OF VIRGINIA, LLC

For approval of interconnection agreement

ORDER CLOSING CASE

On June 1, 2006, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, United Telephone–Southeast, Inc., Central Telephone Company of Virginia (collectively, "Embarq"), and AT&T Communications of Virginia, LLC ("AT&T"), filed a negotiated Interconnection Agreement ("Agreement") with the State Corporation Commission ("Commission"). The Agreement was assigned Case No. PUC-2006-00077. The Commission approved the Agreement on August 30, 2006. Embarq and AT&T indicated that the Agreement replaced the original agreement approved by the Commission in Case No. PUC-2003-00122 on October 22, 2003.

NOW THE COMMISSION finds that the Agreement supersedes the agreement approved in this matter. The Commission is of the opinion, therefore, that Case No. PUC-2003-00122 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matter is hereby dismissed from the Commission's docket of active cases.

CASE NO. PUC-2003-00172
DECEMBER 21, 2010

APPLICATION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA
AND
UNITED TELEPHONE-SOUTHEAST, INC.
and
ERNEST COMMUNICATIONS OF VIRGINIA, INC.

For approval of interconnection agreement

ORDER CLOSING CASE

On December 7, 2007, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, Central Telephone Company of Virginia, United Telephone–Southeast, Inc. (collectively, "Embarq"), and Ernest Communications of Virginia, Inc. ("Ernest"), filed a negotiated Interconnection Agreement ("Agreement") with the State Corporation Commission ("Commission"). The Agreement was assigned Case No. PUC-2007-00117. The Commission approved the Agreement on March 3, 2008. Embarq and Ernest indicated that the Agreement replaced the original agreement approved by the Commission in Case No. PUC-2003-00172 on December 15, 2003.

NOW THE COMMISSION finds that the Agreement supersedes the agreement approved in this matter. The Commission is of the opinion, therefore, that Case No. PUC-2003-00172 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matter is hereby dismissed from the Commission's docket of active cases.

CASE NO. PUC-2003-000185
DECEMBER 20, 2010

APPLICATION OF
UNITED TELEPHONE-SOUTHEAST, INC.
AND
CENTRAL TELEPHONE COMPANY OF VIRGINIA
and
dPi TELECONNECT, L.L.C.

For approval of interconnection agreement

ORDER CLOSING CASE

On October 31, 2007, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, United Telephone–Southeast, Inc., Central Telephone Company of Virginia (collectively, "Embarq"), and dPi Teleconnect, L.L.C. ("dPi Teleconnect"), filed a negotiated Interconnection Agreement ("Agreement") with the State Corporation Commission ("Commission"). The Agreement was assigned Case No. PUC-2007-00103. The Commission approved the Agreement on January 29, 2008. Embarq and dPi Teleconnect indicated that the Agreement replaced the original agreement approved by the Commission in Case No. PUC-2003-00185 on March 3, 2004.

NOW THE COMMISSION finds that the Agreement supersedes the agreement approved in this matter. The Commission is of the opinion, therefore, that Case No. PUC-2003-00185 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matter is hereby dismissed from the Commission's docket of active cases.

CASE NO. PUC-2004-00020
DECEMBER 20, 2010

APPLICATION OF
NTELOS TELEPHONE INC.
and
VIRGINIA CELLULAR LLC d/b/a CELLULAR ONE

For approval of interconnection agreement

ORDER CLOSING CASE

On September 9, 2005, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, NTELOS Telephone Inc. ("NTELOS") and Virginia Cellular LLC d/b/a Cellular One ("Cellular One"), filed a negotiated Interconnection Agreement ("Agreement") with the State Corporation Commission ("Commission"). The Agreement was assigned Case No. PUC-2005-00123 and approved by the Commission on December 8, 2005. NTELOS and Cellular One indicated that the Agreement replaced the original agreement approved by the Commission in this docket on April 29, 2004.

NOW THE COMMISSION finds that the Agreement supersedes the agreement approved in this matter. The Commission is of the opinion, therefore, that Case No. PUC-2004-00020 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matter is hereby dismissed from the Commission's docket of active cases.

CASE NO. PUC-2004-00039
AUGUST 17, 2010

IN THE MATTER OF
VERIZON VIRGINIA, INC.
and
MCI WORLDCOM COMMUNICATIONS OF VIRGINIA, INC.

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER CLOSING CASE

By Order entered June 18, 2004, in this matter, the State Corporation Commission ("Commission") approved an amendment to an interconnection agreement previously approved by the Wireline Competition Bureau of the Federal Communications Commission ("FCC"), between Verizon Virginia, Inc. ("Verizon Virginia") and MCI WorldCom Communications of Virginia, Inc. ("MCI WorldCom"). Further, on July 24, 2006, the Commission approved additional amendments to the interconnection agreement between Verizon Virginia and MCI WorldCom. By Order entered October 19, 2004, in Case No. PUC-2003-00183, the Commission canceled MCI WorldCom's previously issued certificate of public convenience and necessity as a local exchange carrier. As a result, MCI WorldCom is no longer authorized to provide local exchange service within the Commonwealth of Virginia.

On June 18, 2010, Verizon Virginia filed with the Commission a "Notification of Termination of Interconnection Agreement," along with notice from MCI WorldCom's successors that the interconnection agreement could be terminated.

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 and amendments 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-2004-00039 is hereby closed.

CASE NO. PUC-2004-00076
DECEMBER 20, 2010

APPLICATION OF
UNITED TELEPHONE-SOUTHEAST, INC.
AND
CENTRAL TELEPHONE COMPANY OF VIRGINIA
and
1-800-RECONEX, INC.

For approval of interconnection agreement

ORDER CLOSING CASE

On February 28, 2007, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, United Telephone-Southeast, Inc., Central Telephone Company of Virginia (collectively, "Embarq"), and1-800-Reconex, Inc. ("Reconex"), filed a negotiated Interconnection Agreement ("Agreement") with the State Corporation Commission ("Commission"). The Agreement was assigned Case No. PUC-2007-00013. The Commission approved the Agreement on May 30, 2007. Embarq and Reconex indicated that the Agreement replaced the original agreement approved by the Commission in Case No. PUC-2004-00076 on July 15, 2004.

NOW THE COMMISSION finds that the Agreement supersedes the agreement approved in this matter. The Commission is of the opinion, therefore, that Case No. PUC-2004-00076 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matter is hereby dismissed from the Commission's docket of active cases.

CASE NO. PUC-2004-00085
DECEMBER 20, 2010

APPLICATION OF
UNITED TELEPHONE-SOUTHEAST, INC.
AND
CENTRAL TELEPHONE COMPANY OF VIRGINIA
and
KINEX TELECOM, INC.

For approval of interconnection agreement

ORDER CLOSING CASE

On September 15, 2005, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, United Telephone-Southeast, Inc., Central Telephone Company of Virginia (collectively, "Sprint"), and Kinex Telecom, Inc. ("Kinex") filed a negotiated Interconnection Agreement ("Agreement") with the State Corporation Commission ("Commission"). The Agreement was assigned Case No. PUC-2005-00128. The Commission approved the Agreement on December 14, 2005. Sprint and Kinex indicated that the Agreement replaced the original agreement approved by the Commission in Case No. PUC-2004-00085 on July 26, 2004.

NOW THE COMMISSION finds that the Agreement supersedes the agreement approved in this matter. The Commission is of the opinion, therefore, that Case No. PUC-2004-00085 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matter is hereby dismissed from the Commission's docket of active cases.

CASE NO. PUC-2004-00088
DECEMBER 20, 2010

APPLICATION OF
VERIZON VIRGINIA INC.
and
PNG TELECOMMUNICATIONS OF VIRGINIA, LLC

For approval of interconnection agreement

ORDER CLOSING CASE

On June 20, 2008, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, Verizon Virginia Inc. ("Verizon") and PNG Telecommunications of Virginia, LLC ("PNG"), filed a negotiated Interconnection Agreement ("Agreement") with the State Corporation Commission ("Commission"). The Agreement was assigned Case No. PUC-2008-00052. The Commission approved the Agreement on September 18, 2008. Verizon and PNG indicated that the Agreement replaced the original agreement approved by the Commission in Case No. PUC-2004-00088 on August 2, 2004.

NOW THE COMMISSION finds that the Agreement supersedes the agreement approved in this matter. The Commission is of the opinion, therefore, that Case No. PUC-2004-00088 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matter is hereby dismissed from the Commission's docket of active cases.

CASE NO. PUC-2004-00089
DECEMBER 20, 2010

APPLICATION OF
VERIZON SOUTH INC.
and
PNG TELECOMMUNICATIONS OF VIRGINIA, LLC

For approval of interconnection agreement

ORDER CLOSING CASE

On June 20, 2008, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, Verizon South Inc. ("Verizon") and PNG Telecommunications of Virginia, LLC ("PNG"), filed a negotiated Interconnection Agreement ("Agreement") with the State Corporation Commission ("Commission"). The Agreement was assigned Case No. PUC-2008-00051. The Commission approved the Agreement on September 18, 2008. Verizon and PNG indicated that the Agreement replaced the original agreement approved by the Commission in Case No. PUC-2004-00089 on August 2, 2004.

NOW THE COMMISSION finds that the Agreement supersedes the agreement approved in this matter. The Commission is of the opinion, therefore, that Case No. PUC-2004-00089 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matter is hereby dismissed from the Commission's docket of active cases.

CASE NO. PUC-2004-00099
DECEMBER 22, 2010

APPLICATION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA
AND
UNITED TELEPHONE-SOUTHEAST, INC.
and
VIRGINIA GLOBAL COMMUNICATIONS SYSTEMS, INC.

For approval of interconnection agreement

ORDER CLOSING CASE

On December 13, 2006, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, Central Telephone Company of Virginia, United Telephone-Southeast, Inc. (collectively, "Embarq"), and Virginia Global Communications Systems, Inc. ("Virginia Global"), filed a negotiated Interconnection Agreement ("Agreement") with the State Corporation Commission ("Commission"). The Agreement was assigned Case No. PUC-2006-00159. The Commission approved the Agreement on March 13, 2007. Embarq and Virginia Global indicated that the Agreement replaced the original agreement approved by the Commission in Case No. PUC-2004-00099 on October 26, 2004.

NOW THE COMMISSION finds that the Agreement supersedes the agreement approved in this matter. The Commission is of the opinion, therefore, that Case No. PUC-2004-00099 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matter is hereby dismissed from the Commission's docket of active cases.

CASE NO. PUC-2004-00109
DECEMBER 22, 2010

APPLICATION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA
AND
UNITED TELEPHONE-SOUTHEAST, INC.
and
MCIMETRO ACCESS TRANSMISSION SERVICES OF VIRGINIA, INC.

For approval of interconnection agreement

ORDER CLOSING CASE

On September 18, 2008, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, Central Telephone Company of Virginia, United Telephone–Southeast, Inc. (collectively, "Embarq"), and MCImetro Access Transmission Services of Virginia, Inc. ("MCImetro"), filed a negotiated Interconnection Agreement ("Agreement") with the State Corporation Commission ("Commission"). The Agreement was assigned Case No. PUC-2008-00081. The Commission approved the Agreement on December 17, 2008. Embarq and MCImetro indicated that the Agreement replaced the original agreement approved by the Commission in Case No. PUC-2004-00109 on November 15, 2004.

NOW THE COMMISSION finds that the Agreement supersedes the agreement approved in this matter. The Commission is of the opinion, therefore, that Case No. PUC-2004-00109 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matter is hereby dismissed from the Commission's docket of active cases.

CASE NO. PUC-2005-00061
DECEMBER 22, 2010

APPLICATION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA
AND
UNITED TELEPHONE-SOUTHEAST, INC.
and
GRANITE TELECOMMUNICATIONS, LLC

For approval of interconnection agreement

ORDER CLOSING CASE

On October 8, 2008, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, Central Telephone Company of Virginia, United Telephone-Southeast, Inc. (collectively, "Embarq"), and Granite Telecommunications, LLC ("Granite"), filed a negotiated Interconnection Agreement ("Agreement") with the State Corporation Commission ("Commission"). The Agreement was assigned Case No. PUC-2008-00087. The Commission approved the Agreement on January 6, 2009. Embarq and Granite indicated that the Agreement replaced the original agreement approved by the Commission in Case No. PUC-2005-00061 on August 8, 2005.

NOW THE COMMISSION finds that the Agreement supersedes the agreement approved in this matter. The Commission is of the opinion, therefore, that Case No. PUC-2005-00061 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matter is hereby dismissed from the Commission's docket of active cases.

CASE NO. PUC-2005-00065
DECEMBER 22, 2010

APPLICATION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA
AND
UNITED TELEPHONE-SOUTHEAST, INC.
and
COMCAST PHONE OF VIRGINIA, INC.

For approval of interconnection agreement

ORDER CLOSING CASE

On September 29, 2008, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, Central Telephone Company of Virginia, United Telephone-Southeast, Inc. (collectively, "Embarq"), and Comcast Phone of Virginia, Inc. ("Comcast"), filed a negotiated Interconnection Agreement ("Agreement") with the State Corporation Commission ("Commission"). The Agreement was assigned Case No. PUC-2008-00084. The Commission approved the Agreement on December 29, 2008. Embarq and Comcast indicated that the Agreement replaced the original agreement approved by the Commission in Case No. PUC-2005-00065 on August 24, 2005.

NOW THE COMMISSION finds that the Agreement supersedes the agreement approved in this matter. The Commission is of the opinion, therefore, that Case No. PUC-2005-00065 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matter is hereby dismissed from the Commission's docket of active cases.

CASE NO. PUC-2005-00076
DECEMBER 22, 2010

APPLICATION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA
AND
UNITED TELEPHONE-SOUTHEAST, INC.
and
GLOBAL CONNECTION INC. OF VIRGINIA

For approval of interconnection agreement

ORDER CLOSING CASE

On July 2, 2008, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, Central Telephone Company of Virginia, United Telephone–Southeast, Inc. (collectively, "Embarq"), and Global Connection Inc. of Virginia ("Global"), filed a negotiated Interconnection Agreement ("Agreement") with the State Corporation Commission ("Commission"). The Agreement was assigned Case No. PUC-2008-00056. The Commission approved the Agreement on September 30, 2008. Embarq and Global indicated that the Agreement replaced the original agreement approved by the Commission in Case No. PUC-2005-00076 on September 26, 2005.

NOW THE COMMISSION finds that the Agreement supersedes the agreement approved in this matter. The Commission is of the opinion, therefore, that Case No. PUC-2005-00076 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matter is hereby dismissed from the Commission's docket of active cases.

CASE NO. PUC-2005-00113
DECEMBER 22, 2010

APPLICATION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA
AND
UNITED TELEPHONE-SOUTHEAST, INC.
and
CHARTER FIBERLINK VA-CCO, LLC

For approval of interconnection agreement

ORDER CLOSING CASE

On January 10, 2008, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, Central Telephone Company of Virginia, United Telephone–Southeast, Inc. (collectively, "Embarq"), and Charter Fiberlink VA-CCO, LLC ("Charter"), filed a negotiated Interconnection Agreement ("Agreement") with the State Corporation Commission ("Commission"). The Agreement was assigned Case No.

PUC-2008-00010. The Commission approved the Agreement on April 9, 2008. Embarq and Charter indicated that the Agreement replaced the original agreement approved by the Commission in Case No. PUC-2005-00113 on November 17, 2005.

NOW THE COMMISSION finds that the Agreement supersedes the agreement approved in this matter. The Commission is of the opinion, therefore, that Case No. PUC-2005-00113 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matter is hereby dismissed from the Commission's docket of active cases.

CASE NO. PUC-2005-00132
DECEMBER 22, 2010

APPLICATION OF
ROANOKE AND BOTETOURT TELEPHONE COMPANY
AND
R&B NETWORK INC.
and
COX VIRGINIA TELCOM, INC.

For approval of interconnection agreement

ORDER CLOSING CASE

On October 9, 2007, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, Roanoke and Botetourt Telephone Company and R&B Network Inc. (collectively, "R&B") and Cox Virginia Telcom, Inc. ("Cox"), filed a negotiated Interconnection Agreement ("Agreement") with the State Corporation Commission ("Commission"). The Agreement was assigned Case No. PUC-2007-00087. The Commission approved the Agreement on January 7, 2008. R&B and Cox indicated that the Agreement replaced the original agreement approved by the Commission in Case No. PUC-2005-00132 on December 19, 2005.

NOW THE COMMISSION finds that the Agreement supersedes the agreement approved in this matter. The Commission is of the opinion, therefore, that Case No. PUC-2005-00132 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matter is hereby dismissed from the Commission's docket of active cases.

CASE NO. PUC-2005-00151
DECEMBER 22, 2010

APPLICATION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA
AND
UNITED TELEPHONE-SOUTHEAST, INC.
and
KDL OF VIRGINIA, INC.

For approval of interconnection agreement

ORDER CLOSING CASE

On September 29, 2008, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, Central Telephone Company of Virginia, United Telephone – Southeast, Inc. (collectively, "Embarq"), and KDL of Virginia, Inc. ("KDL"), filed a negotiated Interconnection Agreement ("Agreement") with the State Corporation Commission ("Commission"). The Agreement was assigned Case No. PUC-2008-00083. The Commission approved the Agreement on January 5, 2010. Embarq and KDL indicated that the Agreement replaced the original agreement approved by the Commission in Case No. PUC-2005-00151 on January 31, 2006.

NOW THE COMMISSION finds that the Agreement supersedes the agreement approved in this matter. The Commission is of the opinion, therefore, that Case No. PUC-2005-00151 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matter is hereby dismissed from the Commission's docket of active cases.

CASE NO. PUC-2006-00076
DECEMBER 22, 2010

APPLICATION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA
AND
UNITED TELEPHONE-SOUTHEAST, INC.
and
TCG VIRGINIA, INC.

For approval of interconnection agreement

ORDER CLOSING CASE

On July 30, 2009, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, Central Telephone Company of Virginia, United Telephone-Southeast, Inc. (collectively, "Embarq"), and TCG Virginia, Inc. ("TCG"), filed a negotiated Interconnection Agreement ("Agreement") with the State Corporation Commission ("Commission"). The Agreement was assigned Case No. PUC-2009-00040. The Commission approved the Agreement on October 28, 2009. Embarq and TCG indicated that the Agreement replaced the original agreement approved by the Commission in Case No. PUC-2006-00076 on August 30, 2006.

NOW THE COMMISSION finds that the Agreement supersedes the agreement approved in this matter. The Commission is of the opinion, therefore, that Case No. PUC-2006-00076 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matter is hereby dismissed from the Commission's docket of active cases.

CASE NO. PUC-2006-00077
DECEMBER 22, 2010

APPLICATION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA
AND
UNITED TELEPHONE-SOUTHEAST, INC.
and
AT&T COMMUNICATIONS OF VIRGINIA, LLC

For approval of interconnection agreement

ORDER CLOSING CASE

On July 30, 2009, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, Central Telephone Company of Virginia, United Telephone–Southeast, Inc. (collectively, "Embarq"), and AT&T Communications of Virginia, LLC ("AT&T"), filed a negotiated Interconnection Agreement ("Agreement") with the State Corporation Commission ("Commission"). The Agreement was assigned Case No. PUC-2009-00041. The Commission approved the Agreement on October 28, 2009. Embarq and AT&T indicated that the Agreement replaced the original agreement approved by the Commission in Case No. PUC-2006-00077 on August 30, 2006.

NOW THE COMMISSION finds that the Agreement supersedes the agreement approved in this matter. The Commission is of the opinion, therefore, that Case No. PUC-2006-00077 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matter is hereby dismissed from the Commission's docket of active cases.

CASE NO. PUC-2006-00078
DECEMBER 21, 2010

APPLICATION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA
AND
UNITED TELEPHONE-SOUTHEAST, INC.
and
BUDGET PHONE OF VIRGINIA, INC.

For approval of interconnection agreement

ORDER CLOSING CASE

On June 17, 2009, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, Central Telephone Company of Virginia, United Telephone-Southeast, Inc. (collectively, "Embarq"), and Budget Phone of Virginia, Inc. ("Budget"), filed a negotiated Interconnection Agreement ("Agreement") with the State Corporation Commission ("Commission"). The Agreement was assigned Case No. PUC-2009-00028. The

Commission approved the Agreement on September 15, 2009. Embarq and Budget indicated that the Agreement replaced the original agreement approved by the Commission in Case No. PUC-2006-00078 on September 6, 2006.

NOW THE COMMISSION finds that the Agreement supersedes the agreement approved in this matter. The Commission is of the opinion, therefore, that Case No. PUC-2006-00078 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matter is hereby dismissed from the Commission's docket of active cases.

CASE NO. PUC-2006-00114
DECEMBER 16, 2010

APPLICATION OF
VERIZON VIRGINIA INC.
AND
CBB CARRIER SERVICES, INC.

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER CLOSING CASE

By Order entered April 8, 2009, in Case No. PUC-2009-00013, the State Corporation Commission ("Commission") cancelled the certificate of public convenience and necessity previously issued to CBB Carrier Services, Inc. ("CBB" or "Company") because CBB's business plan no longer included offering services in Virginia. The Company accordingly requested the cancellation of its certificate of public convenience and necessity.

On August 26, 2010, Verizon Virginia Inc., by counsel, filed with the Commission a Notification of Termination of Interconnection Agreement.

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-2006-00114 is hereby closed.

CASE NO. PUC-2006-00115
DECEMBER 16, 2010

APPLICATION OF
VERIZON SOUTH INC.
AND
CBB CARRIER SERVICES, INC.

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER CLOSING CASE

By Order entered April 8, 2009, in Case No. PUC-2009-00013, the State Corporation Commission ("Commission") cancelled the certificate of public convenience and necessity previously issued to CBB Carrier Services, Inc. ("CBB" or "Company") because CBB's business plan no longer included offering services in Virginia. The Company accordingly requested the cancellation of its certificate of public convenience and necessity.

On August 26, 2010, Verizon South Inc., by counsel, filed with the Commission a Notification of Termination of Interconnection Agreement.

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-2006-00115 is hereby closed.

CASE NO. PUC-2006-00124
DECEMBER 20, 2010

APPLICATION OF
UNITED TELEPHONE-SOUTHEAST, INC.
AND
CENTRAL TELEPHONE COMPANY OF VIRGINIA
and
ACCESS POINT OF VIRGINIA, INC.

For approval of interconnection agreement

ORDER CLOSING CASE

On April 17, 2008, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, United Telephone-Southeast, Inc., Central Telephone Company of Virginia (collectively, "Embarq"), and Access Point of Virginia, Inc. ("Access Point"), filed a negotiated Interconnection Agreement ("Agreement") with the State Corporation Commission ("Commission"). The Agreement was assigned Case No. PUC-2008-00036. The Commission approved the Agreement on July 16, 2008. Embarq and Access Point indicated that the Agreement replaced the original agreement approved by the Commission in Case No. PUC-2006-00124 on December 14, 2006.

NOW THE COMMISSION finds that the Agreement supersedes the agreement approved in this matter. The Commission is of the opinion, therefore, that Case No. PUC-2006-00124 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matter is hereby dismissed from the Commission's docket of active cases.

CASE NO. PUC-2007-00108
AUGUST 4, 2010

PETITION OF
SPRINT NEXTEL

For reductions in the intrastate carrier access rates of Central Telephone Company of Virginia and United Telephone-Southeast, Inc.

ORDER APPROVING SETTLEMENT AGREEMENT

On April 26, 2010, Sprint Communications Company of Virginia, Inc., Sprint Spectrum, L.P., Sprintcom, Inc., Nextel Communications of the Mid-Atlantic, Inc., and NPCR, Inc. d/b/a Nextel Partners ("Sprint Nextel"); AT&T Communications of Virginia, LLC, (AT&T"); and Central Telephone Company of Virginia d/b/a CenturyLink ("Central") and United Telephone Southeast LLC d/b/a CenturyLink ("United") (Central and United collectively, "CenturyLink") (all collectively, "Joint Petitioners") filed with the State Corporation Commission ("Commission") a Joint Petition for Approval of Settlement Agreement ("Joint Petition"). The Joint Petition requests the Commission's approval of the attached Settlement Agreement Governing Phased Elimination of CenturyLink Carrier Common Line Charges in the Commonwealth of Virginia ("Settlement Agreement").

On May 19, 2010, the Commission entered its Order Inviting Comments which allowed interested parties including the Commission's Staff ("Staff") to file comments regarding the Joint Petition and Settlement Agreement on or before June 11, 2010, and allowed the Joint Petitioners to respond to any such comments on or before June 25, 2010.

Comments were filed by the Staff and by the Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel"). Those comments were generally supportive of the Settlement Agreement and noted that it was consistent with the requirements of newly enacted Va. Code § 56-235.5:1.B. In addition, the Staff agreed that approval of the settlement will obviate the need for additional proceedings envisioned by the Commission's Clarifying Order of August 26, 2009.

No replies were filed on behalf of the Joint Petitioners.

NOW THE COMMISSION, having considered the Joint Petition, the comments, and the applicable law, is of the opinion and finds that the Settlement Agreement should be approved. The Settlement Agreement will eliminate the carrier common line charge ("CCLC") for each of the two CenturyLink companies no later than July 1, 2013, as now required by statute.

Accordingly, IT IS ORDERED THAT:

(1) The Settlement Agreement filed by the Joint Petitioners is hereby approved.

(2) No later than July 1, 2012, Central and United shall each reduce its CCLC to 25% of its January 1, 2010 per minute CCLC.

(3) No later than July 1, 2013, Central and United shall each eliminate its respective CCLC entirely.

(4) There being nothing further to be determined, this matter is dismissed and the record developed herein shall be placed in the file for ended causes.

CASE NO. PUC-2008-00076
DECEMBER 21, 2010

APPLICATION OF
VERIZON SOUTH INC.
and
CRICKET COMMUNICATIONS, INC.

For approval of interconnection agreement

ORDER CLOSING CASE

On July 21, 2009, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, Verizon South Inc. ("Verizon") and Cricket Communications, Inc. ("Cricket"), filed a negotiated Interconnection Agreement ("Agreement") with the State Corporation Commission ("Commission"). The Agreement was assigned Case No. PUC-2009-00037. The Commission approved the Agreement on October 19, 2009. Verizon and Cricket indicated that the Agreement replaced the original agreement approved by the Commission in Case No. PUC-2008-00076 on December 15, 2008.

NOW THE COMMISSION finds that the Agreement supersedes the agreement approved in this matter. The Commission is of the opinion, therefore, that Case No. PUC-2008-00076 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matter is hereby dismissed from the Commission's docket of active cases.

CASE NO. PUC-2008-00077
DECEMBER 21, 2010

APPLICATION OF
VERIZON VIRGINIA INC.
and
CRICKET COMMUNICATIONS, INC.

For approval of interconnection agreement

ORDER CLOSING CASE

On July 21, 2009, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, Verizon Virginia Inc. ("Verizon") and Cricket Communications, Inc. ("Cricket"), filed a negotiated Interconnection Agreement ("Agreement") with the State Corporation Commission ("Commission"). The Agreement was assigned Case No. PUC-2009-00038. The Commission approved the Agreement on October 19, 2009. Verizon and Cricket indicated that the Agreement replaced the original agreement approved by the Commission in Case No. PUC-2008-00077 on December 14, 2008.

NOW THE COMMISSION finds that the Agreement supersedes the agreement approved in this matter. The Commission is of the opinion, therefore, that Case No. PUC-2008-00077 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matter is hereby dismissed from the Commission's docket of active cases.

CASE NO. PUC-2008-00088
DECEMBER 21, 2010

APPLICATION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA
AND
UNITED TELEPHONE-SOUTHEAST, INC.
and
IDT AMERICA OF VIRGINIA, LLC

For approval of interconnection agreement

ORDER CLOSING CASE

On June 19, 2009, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, Central Telephone Company of Virginia, United Telephone – Southeast, Inc. (collectively, "Embarq"), and IDT America of Virginia, LLC ("IDT"), filed a negotiated Interconnection Agreement ("Agreement") with the State Corporation Commission ("Commission"). The Agreement was assigned Case No. PUC-2009-00029. The Commission approved the Agreement on September 17, 2009. Embarq and IDT indicated that the Agreement replaced the original agreement approved by the Commission in Case No. PUC-2008-00088 on January 6, 2009.

NOW THE COMMISSION finds that the Agreement supersedes the agreement approved in this matter. The Commission is of the opinion, therefore, that Case No. PUC-2008-00088 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matter is hereby dismissed from the Commission's docket of active cases.

CASE NO. PUC-2009-00036
OCTOBER 19, 2010

APPLICATION OF
QWEST COMMUNICATIONS COMPANY, LLC

For relief from charges

ORDER DISMISSING PETITION

On July 17, 2009, Quest Communications Company, LLC ("Qwest"), filed with the State Corporation Commission ("Commission") its Petition against NTELOS Telephone Inc. for Relief from Unlawful Charges ("Petition") pursuant to Rule 5 VAC 5-20-100 (B) of the Commission's Rules of Practice and Procedure.

On August 11, 2009, NTELOS Telephone Inc. ("NTELOS") responded to the Qwest Petition.[1] By Procedural Order Prescribing Response and Reply Times entered August 24, 2009, the Commission allowed for responsive pleadings and assigned this matter to a Hearing Examiner to conduct all further proceedings.

The Hearing Examiner prescribed a procedural schedule that allowed extensive discovery and the pre-filing of testimony by the parties and the Staff leading up to a hearing to receive such evidence. Prior to the commencement of the hearing on June 3, 2010, the primary parties, Qwest and NTELOS, filed a Joint Motion to Continue Hearing, which stated that the scheduled hearing would not be necessary if those two parties were allowed additional time to negotiate an oral agreement in principle and to reduce the anticipated settlement to writing.

On September 10, 2010, Qwest filed a Motion to Dismiss, which indicated that Qwest and NTELOS had reached a settlement of the matter in controversy. As a result, Qwest requested that its Petition be withdrawn and the case be dismissed with prejudice.

On September 13, 2010, the Hearing Examiner issued his Report finding that the Motion to Dismiss should be granted and recommending that the Commission enter an order adopting the findings of his Report and dismissing the Petition with prejudice. On September 16, the remaining party, Verizon-Virginia Inc., filed a letter indicating that it had no objections to the recommendations of the Hearing Examiner's Report.

NOW THE COMMISSION, having considered the Motion to Dismiss, the Hearing Examiner's Report, and the lack of objections, is of the opinion and finds that the Hearing Examiner's recommendations should be adopted and that the Petition should be dismissed with prejudice.

Accordingly, IT IS ORDERED THAT:

(1) The Commission adopts the recommendations of the September 13, 2010 Report of Michael D. Thomas, Hearing Examiner.

(2) The Qwest Petition is dismissed with prejudice, and the record developed herein shall be placed in the file for ended causes.

[1] Specifically, NTELOS filed a Response to Petition of Qwest Communications, LLC and Petition to Add Verizon-Virginia as a Party.

CASE NO. PUC-2009-00055
JANUARY 28, 2010

APPLICATION OF
TIME WARNER CABLE INFORMATION SERVICES (VIRGINIA), LLC

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

FINAL ORDER

On October 22, 2009, Time Warner Cable Information Services (Virginia), LLC ("Time Warner" or "Applicant"), completed an application with the State Corporation Commission ("Commission") for certificates of public convenience and necessity ("certificates") to provide local exchange and interexchange telecommunications services throughout the Commonwealth of Virginia. The Applicant also requested authority to price its interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia.

By Order for Notice and Comment dated November 2, 2009, the Commission directed the Applicant to provide notice to the public of its application and directed the Commission Staff ("Staff") to conduct an investigation and file a Staff Report. On December 11, 2009, the Applicant filed proof of publication and proof of service as required by the November 2, 2009 Order for Notice and Comment.

On January 7, 2010, the Staff filed its Report finding that Time Warner'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 Time Warner's application, the Staff determined it would be appropriate to grant the Applicant certificates to provide local exchange and interexchange telecommunications services subject to the following condition: Time Warner should notify the Division of Economics and Finance no less than thirty (30) days prior to the cancellation or lapse of its bond and should provide a replacement bond at that time. This requirement should be maintained until such time as the Commission determines it is no longer necessary.

NOW THE COMMISSION, having considered the application and the Staff Report, finds that the Applicant should be granted certificates to provide local exchange and interexchange telecommunications services. Having considered § 56-481.1 of the Code of Virginia, the Commission further finds that the Applicant may price its interexchange telecommunications services competitively.

Accordingly, IT IS ORDERED THAT:

(1) Time Warner Cable Information Services (Virginia), LLC, is hereby granted a certificate of public convenience and necessity, No. TT-251A , to provide interexchange telecommunications services subject to the restrictions set forth in the Rules Governing the Certification of Interexchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(2) Time Warner Cable Information Services (Virginia), LLC, is hereby granted a certificate of public convenience and necessity, No. T-695, to provide local exchange telecommunications services subject to the restrictions set forth in the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(3) Pursuant to § 56-481.1 of the Code of Virginia, the Applicant may price its interexchange telecommunications services competitively.

(4) The Applicant shall provide tariffs to the Division of Communications that conform to all applicable Commission rules and regulations.

(5) Time Warner Cable Information Services (Virginia), LLC, shall notify the Division of Economics and Finance no less than thirty (30) days prior to the cancellation or lapse of its bond and shall provide a replacement bond at that time. This requirement shall be maintained until such time as the Commission determines it is no longer necessary.

(6) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the file for ended causes.

CASE NO. PUC-2009-00058
OCTOBER 22, 2010

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

Ex Parte: In the Matter of Investigating the Practices and Charges of Verizon Virginia Inc. and Verizon South Inc. for customer-requested relocation and rearrangement of network facilities

INTERIM ORDER IMPLEMENTING STAFF PROPOSALS

On July 19, 2010, the Staff of the State Corporation Commission ("Commission") filed its Report with four recommendations designed to improve the process of relocating or rearranging Verizon's outside plant when requested by one of its retail customers. On August 16, 2010, Verizon filed its Response to Staff's Report ("Response"), which generally concurred with the Staff's recommendations.

Verizon's Response indicated that it had begun the study to revise the methodology by which exempt material loadings are determined and applied and that it was prepared to implement the remaining Staff recommendations within thirty (30) days after adoption by the Commission.

NOW THE COMMISSION, having considered the Staff Report and Verizon's Response, is of the opinion and finds that the Staff recommendations should be implemented, and that Verizon should report on its study regarding exempt material loadings when complete.

Accordingly, IT IS ORDERED THAT:

(1) Verizon shall implement recommendations 1, 2, and 4 of the Staff's July 19, 2010 Report. Verizon shall also implement the temporary material loading factor of Staff recommendation 3.

(2) Verizon shall file a report on its study of Staff recommendation 3, exempt material loadings. If the Staff's review of that study finds the technique to be satisfactory, Verizon shall be prepared to implement it within 30 days.

(3) This matter is continued generally.

CASE NO. PUC-2009-00060
AUGUST 10, 2010

THEODORE R. REIFF
and
BRENDA REIFF,
Petitioners,
v.
COX VIRGINIA TELCOM, L.L.C.,
Respondent

ORDER DISMISSING CASE

On October 19, 2009, Theodore R. Reiff and Brenda Reiff ("Petitioners") filed a Petition with the State Corporation Commission ("Commission"). Among other things, the Petitioners alleged that Cox Virginia Telcom, L.L.C. ("Cox"), had violated the terms of an "agreement" between Cox and the Petitioners by threatening to disconnect their telephone service on October 23, 2009.[1]

On October 19, 2009, the Commission filed an Order in which it, among other things, docketed the matter; directed Cox to file an answer to the Petition; restrained Cox from disconnecting Petitioners' service; and assigned the matter to a Hearing Examiner to conduct all further proceedings.

On November 9, 2009, Cox, by counsel, filed an Answer and Motion for Leave to Disconnect Petitioners' Telephone Service ("Motion"). By Hearing Examiner's Ruling dated May 12, 2010, Cox's Motion was taken under advisement and an evidentiary hearing was scheduled for July 21, 2010, in a Commission courtroom.

On July 8, 2010, Cox filed a Motion to Dismiss, stating that Petitioners had transferred their telephone service from Cox to another telephone company and, therefore, this proceeding had been rendered moot. Cox requested that the hearing scheduled for July 21, 2010, be cancelled and that the Commission's Order requiring Cox to refrain from disconnecting the Petitioners' telephone service without first obtaining leave for disconnection from the Commission be dissolved.

Petitioners were directed to file a response to the Motion to Dismiss on or before July 19, 2010. On July 19, 2010, Petitioners filed a Motion to Non-Suit and Withdraw Petition. As a result of that motion, the Report of Howard P. Anderson, Jr., Hearing Examiner, was issued July 20, 2010, recommending that the Commission's Order of October 19, 2009 requiring Cox to refrain from disconnecting Petitioners' telephone service be dissolved and that this matter be dismissed.

NOW THE COMMISSION, upon consideration of the Motion to Dismiss, Petitioner's response thereto, and the Hearing Examiner's Report finds that the recommendations of the Hearing Examiner should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The Commission's previous directive that Cox refrain from disconnecting Petitioner's telephone service is dissolved; and

(2) This matter is dismissed and the papers submitted herein shall be sent to the file for ended causes.

[1] *See* Petition at 1.

CASE NO. PUC-2009-00061
JANUARY 28, 2010

APPLICATION OF
FIBER ROADS, LLC

For a certificate of public convenience and necessity to provide local exchange telecommunications services

FINAL ORDER

On October 16, 2009, Fiber Roads, LLC ("Fiber Roads" or the "Company"), filed an application with the State Corporation Commission ("Commission") for a certificate of public convenience and necessity to provide local exchange telecommunications services throughout the Commonwealth of Virginia.

By Order for Notice and Comment dated October 30, 2009, the Commission directed the Company to provide notice to the public of its application and directed the Commission Staff to conduct an investigation and file a Staff Report. On December 10, 2009, Fiber Roads filed proof of publication and proof of service as required by the October 30, 2009 Order.

On January 12, 2010, the Staff filed its Report finding that Fiber Roads' 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 Fiber Roads' application, the Staff determined it would be appropriate to grant the Company a certificate to provide local exchange telecommunications services subject to the following condition: Fiber Roads should notify the Division of Economics and Finance no less than 30 days prior to the cancellation or lapse of its bond and should provide a replacement bond at that time. This requirement should be maintained until such time as the Commission determines it is no longer necessary.

NOW THE COMMISSION, having considered the application and the Staff Report, finds that the Company should be granted a certificate to provide local exchange telecommunications services.

Accordingly, IT IS ORDERED THAT:

(1) Fiber Roads, LLC, is hereby granted a certificate of public convenience and necessity, No. T-694, to provide local exchange telecommunications services subject to the restrictions set forth in the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(2) The Company shall provide tariffs to the Division of Communications that conform with all applicable Commission rules and regulations.

(3) Fiber Roads, LLC, shall notify the Division of Economics and Finance no less than 30 days prior to the cancellation or lapse of its bond and shall provide a replacement bond at that time. This requirement shall be maintained until such time as the Commission determines it is no longer necessary.

(4) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the file for ended causes.

CASE NO. PUC-2009-00065
MARCH 18, 2010

JOINT APPLICATION OF
DSLNET COMMUNICATIONS VA, INC.,
DSL.NET, INC.,
and
MEGAPATH INC.

For approval of the transfer of direct control of DSLnet Communications VA, Inc., to MegaPath Inc., pursuant to the Utility Transfers Act, Chapter 5 of Title 56, Va. Code §§ 56-88 *et seq*.

ORDER GRANTING APPROVAL AND DIRECTING RESPONSE

On December 7, 2009, MegaPath Inc. ("MegaPath") and its wholly owned subsidiaries DSL.net, Inc. ("DSLnet"), and DSLnet Communications VA, Inc. ("DSLnet-VA") (MegaPath, DSLnet, and DSLnet-VA collectively, the "Joint Applicants"), filed with the State Corporation Commission ("Commission") a notice of a pro forma internal change of direct control of DSLnet-VA from DSLnet to MegaPath, DSLnet's current direct parent company. This change was to result from the merger of DSLnet, with and into MegaPath, with MegaPath surviving. The Joint Applicants stated that the change of direct control is pro forma in nature because MegaPath ultimately controls DSLnet-VA both before and after the merger. The Joint Applicants stated that they had to complete the internal merger before December 31, 2009, in order to realize significant financial benefits. The Joint Applicants also stated that it was their understanding that Commission approval would not be required to complete the transaction. Accordingly, the Joint Applicants submitted their letter purportedly for informational purposes only to ensure the continuing accuracy of the Commission's records.

The Staff of the Commission ("Staff") filed a Memorandum of Incompleteness on December 10, 2009, stating that since the direct ownership of DSLnet-VA, the entity certificated in Virginia, will transfer to MegaPath, prior Commission approval is required for the transfer pursuant to § 56-88.1 of the Code of Virginia ("Code"). Furthermore, treating the Joint Applicants' notice as an application, the Staff's memorandum stated that the filing was incomplete, listing the items necessary for the filing to be deemed a complete application pursuant to the provisions of Chapter 5 of Title 56 of the Code (the "Utility Transfers Act"). The matter was docketed as Case No. PUC-2009-00065.

On December 21, 2009, the Joint Applicants filed a Supplement to the Joint Application that contained Confidential Attachment 1 to the Transaction Summary ("Confidential Attachment"),[1] which was filed with the Commission under seal, pursuant to 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure ("Rules") regarding confidential information. Rule 5 VAC 5-20-170 states, in part: "When an application (including supporting documents and prefiled testimony) contains information that the applicant claims to be confidential, the filing shall be made under seal and accompanied by a motion for protective order or other confidential treatment." Therefore, on December 21, 2009, the Joint Applicants filed with the Commission, concurrently with the Confidential Attachment, a Motion for Protective Order ("Motion"), pursuant to 5 VAC 5-20-170 of the Commission's Rules, to obtain confidential treatment of the financial information contained in the Confidential Attachment. The Joint Application and Supplement to the Joint Application are referred to herein collectively as the "Joint Application."

On December 28, 2009, Staff filed a Memorandum of Completeness, which deemed the Joint Application complete as of December 21, 2009.

On January 12, 2010, the Joint Applicants filed a Response to Commission Inquiry that contained a copy of the Joint Applicants' finalized Agreement and Plan of Merger ("Agreement"), filed as Confidential Attachment A ("Confidential Exhibit"),[2] which was filed with the Commission under seal, pursuant to 5 VAC 5-20-170 of the Commission's Rules. Therefore, on January 12, 2010, the Joint Applicants also filed with the Commission, concurrently with the Confidential Exhibit, a second Motion for Protective Order (collectively with the Motion filed December 21, 2009, "Motions"), pursuant to 5 VAC 5-20-170 of the Commission's Rules, to obtain confidential treatment of the Agreement.

[1] The Joint Applicants state that the Confidential Attachment contains confidential financial statements of MegaPath that have not been made available to the public and that general dissemination of the information contained therein would harm the Joint Applicants' position in the marketplace.

[2] The Joint Applicants state that the information contained in the Confidential Exhibit is extremely sensitive information that could be used by competitors to gain insight into the Joint Applicants' internal business operations and, therefore, disclosure of such information would be extremely detrimental and could be used by the Joint Applicants' competitors to materially affect their ability to compete effectively.

MegaPath is a Delaware corporation that provides a variety of managed Internet Protocol ("IP") services, including cable and satellite system broadband Internet access, mobility services such as digital certificates, global remote access, personal firewalls, and remote access virtual private networks ("VPNs"), and security services. MegaPath does not currently offer any regulated telecommunications services and, therefore, does not hold any telecommunications authorizations from the Federal Communications Commission ("FCC") or any state regulatory authority.

DSLnet, a wholly owned direct subsidiary of MegaPath, is a Delaware corporation that provides a variety of IP and data services. DSLnet does not offer any regulated telecommunications services and, therefore, does not hold any telecommunications authorizations from the FCC or any state regulatory authority.

DSLnet-VA is a Virginia corporation that is certificated as a Competitive Local Exchange Carrier in the Commonwealth of Virginia. DSLnet-VA is currently a wholly owned direct subsidiary of DSLnet and, therefore, a wholly owned indirect subsidiary of MegaPath. DSLnet-VA is an affiliate of DSLnet Communications, LLC ("DSLnet-LLC"), which is also a wholly owned subsidiary of DSLnet with the authority to provide intrastate telecommunications services in forty-seven (47) states and the District of Columbia. DSLnet-VA is authorized by the FCC to provide domestic interstate and international telecommunications services as a non-dominant carrier. In Virginia, DSLnet-VA is certificated to provide both local exchange and interexchange telecommunications services pursuant to its certificates of public convenience and necessity ("CPCNs"), Nos. T-450 and TT-71A, respectively, issued pursuant to the Commission's Final Order entered July 28, 1999, in Case No. PUC-1999-00028. DSLnet-VA currently provides telecommunications services to 645 customers in Virginia.

The Joint Applicants request Commission approval to consummate a transaction that will result in the transfer of direct control of DSLnet-VA to MegaPath. Pursuant to the Agreement, dated as of December 30, 2009, between MegaPath and DSLnet, DSLnet will merge with and into MegaPath, with MegaPath as the surviving entity. Upon completion of the proposed transaction, DSLnet-VA will become a wholly owned direct subsidiary of MegaPath, and DSLnet's separate corporate existence will cease to exist. The proposed transaction will effectively eliminate DSLnet from direct ownership of DSLnet-VA, and MegaPath will remain the ultimate parent and become the sole parent of DSLnet-VA, with no other changes taking place.

The Joint Applicants state that since MegaPath already indirectly wholly owns DSLnet-VA, the proposed transaction is simply a pro forma internal merger, which is being undertaken for significant tax benefits that will improve the Joint Applicants' financial position and, therefore, DSLnet-VA's competitive position in the telecommunications market. Upon completion of the proposed transaction, DSLnet-VA will continue to hold its current CPCNs to provide local exchange and interexchange telecommunications services in Virginia. The Joint Applicants represent that DSLnet-VA will continue to operate in Virginia under the same name offering the same services it currently offers with no change in the rates, terms or conditions of such services and, therefore, the internal merger will be seamless and transparent to Virginia customers.

The Joint Applicants advised Staff that the proposed transaction was completed on December 30, 2009, prior to receiving Commission approval. The Joint Applicants explained that the proposed transaction needed to be completed by December 31, 2009,

> [I]n order to realize significant financial savings that will allow them to provide services more efficiently and cost-effectively. Specifically, had [DSLnet] remained a separate entity past December 31, 2009, the [Joint Applicants] would have had to incur another year's worth of expenses related to corporate, regulatory and tax compliance for [DSLnet], including the preparation of sales, use and income tax returns and other governmental reports and filings for the year 2010.[3]

The Joint Applicants further state that,

> The purely internal restructuring was completely transparent outside of the [Joint Applicants] internal systems and did not result in any alteration in service to any end user customer in Virginia, but in total, the [Joint Applicants] estimate that they will save approximately $75,000 in 2010 alone by completing the merger before December 31, 2009.[4]

The Joint Applicants represent that the savings realized by the completion of the proposed transaction prior to December 31, 2009, are extremely significant to a small competitive entity and, therefore, made it imperative for the Joint Applicants to complete the proposed transaction prior to year-end 2009.

NOW THE COMMISSION, upon consideration of the Joint Application and representations of the Joint Applicants and having been advised by its Staff, is of the opinion and finds that the Joint Applicants' Motions for Protective Orders for the Confidential Attachment, filed on December 21, 2009, and for the Confidential Exhibit, filed on January 12, 2010, are no longer necessary and should, therefore, be denied.[5] The Commission is also of the opinion and finds that the above-described proposed transfer of direct control of DSLnet-VA to MegaPath will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved. However, the Commission is concerned with the Joint Applicants' failure to obtain the necessary prior approval required under the Utility Transfers Act as evidenced by its actions in connection with the instant Joint Application.

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[3] Response to Staff Inquiry at 1.

[4] Response to Staff Inquiry at 2. The Joint Applicants state that because the merger of DSLnet-VA's parent, DSLnet, and MegaPath was part of an overall corporate consolidation that included several legal entities, the total company savings, including legal administration and risk management, will be approximately $250,000 per year.

[5] The Commission held the Joint Applicants' Motions for the Confidential Attachment and Confidential Exhibit in abeyance. We note that the Commission has received no request for leave to review the confidential information filed by the Joint Applicants on December 21, 2009, or on January 12, 2010, in this proceeding. Accordingly, we deny the Motions as moot but direct the Clerk of the Commission to retain the confidential information, to which the Motions pertain, under seal.

Section 56-88.1 of the Code provides, in part:

> No person, whether acting alone or in concert with others, shall, directly or indirectly, acquire or dispose of control of . . . (ii) a telephone company, or all of the assets thereof, without the prior approval of the Commission. Any person proposing an acquisition or disposition for which Commission approval is required by this section shall seek such approval pursuant to the procedure of § 56-90. . . .
>
> 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[6] for the failure of any such individual or business conducted by any entity other than an individual to comply with any provision of law or with any valid rule, regulation, or order of the Commission, the Commission may impose and collect from such individual or business conducted by an entity other than an individual a fine in an amount not to exceed $5,000 in the case of an individual, and in the case of a business conducted by an entity other than an individual not to exceed $10,000.

Therefore, the Joint Applicants are directed to file a response within ten (10) days of the date of the receipt 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 DSLnet-VA.

Accordingly, IT IS ORDERED THAT:

(1) The Joint Applicants' Motions filed on December 21, 2009, and January 12, 2010, are hereby denied; however, we direct the Clerk of the Commission to retain the confidential information, to which the Motions pertain, under seal.

(2) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Joint Applicants are hereby granted approval for the transfer of direct control of DSLnet Communications VA, Inc., from DSL.net, Inc., to MegaPath Inc. as described herein.

(3) The Joint Applicants shall, either individually or jointly, file a response within ten (10) days of the date of 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) This case is continued pending further order of the Commission.

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[6] 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-2009-00065
APRIL 26, 2010

JOINT APPLICATION OF
DSLNET COMMUNICATIONS VA, INC.,
DSL.NET, INC.,
and
MEGAPATH INC.

For approval of the transfer of direct control of DSLnet Communications VA, Inc., to MegaPath Inc., pursuant to the Utility Transfers Act, Chapter 5 of Title 56, Va. Code §§ 56-88 *et seq*.

FINAL ORDER

On December 7, 2009, MegaPath Inc. ("MegaPath") and its wholly owned subsidiaries DSL.net, Inc. ("DSLnet"), and DSLnet Communications VA, Inc. ("DSLnet-VA") (collectively, the "Joint Applicants"), filed with the State Corporation Commission ("Commission") notice of a pro forma internal change of direct control of DSLnet-VA from DSLnet to MegaPath, DSLnet's direct parent company. This change was to result from the merger of DSLnet and MegaPath, with MegaPath surviving. The Joint Applicants stated that the change of direct control is pro forma in nature because MegaPath ultimately controls DSLnet-VA both before and after the merger. The Joint Applicants stated that they had to complete the internal merger before December 31, 2009, in order to realize significant financial benefits. The Joint Applicants also stated that it was their understanding that Commission approval would not be required to complete the transaction. Accordingly, the Joint Applicants submitted their letter purportedly for informational purposes only to ensure the continuing accuracy of the Commission's records.

The Staff of the Commission ("Staff") filed a Memorandum of Incompleteness on December 10, 2009, stating that since the direct ownership of DSLnet-VA, the entity certificated in Virginia, would transfer to MegaPath, prior Commission approval would be required for the transfer pursuant to § 56-88.1 of the Code of Virginia ("Code"). Furthermore, treating the Joint Applicants' notice as an application, the Staff's memorandum stated that the filing was incomplete, listing the items necessary for the filing to be deemed complete pursuant to the provisions of the Utility Transfers Act, Chapter 5 of Title 56 of the Code. The matter was docketed as Case No. PUC-2009-00065.

On December 21, 2009, the Joint Applicants filed supplemental information in accordance with the Staff's memorandum dated December 10, 2009. On December 28, 2009, the Staff filed a Memorandum of Completeness documenting that the application was complete as of December 21, 2009.

On March 18, 2010, the Commission issued an Order Granting Approval and Directing Response ("March 18 Order"), which (1) granted approval for the transfer of direct control of DSLnet-VA from DSLnet to MegaPath, and (2) directed the Joint Applicants to file a response stating why they should not be fined for proceeding with the transfer prior to receipt of Commission approval. The March 18 Order documented that the Joint Applicants had informed the Staff that the proposed transaction was completed on December 30, 2009.

Section 56-88.1 of the Code provides, in part:

> No person, whether acting alone or in concert with others, shall, directly or indirectly, acquire or dispose of control of . . . (ii) a telephone company, or all of the assets thereof, without the prior approval of the Commission. Any person proposing an acquisition or disposition for which Commission approval is required by this section shall seek such approval pursuant to the procedure of § 56-90. . . .
>
> 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[1] for the failure of any such individual or business conducted by any entity other than an individual to comply with any provision of law or with any valid rule, regulation, or order of the Commission, the Commission may impose and collect from such individual or business conducted by an entity other than an individual a fine in an amount not to exceed $5,000 in the case of an individual, and in the case of a business conducted by an entity other than an individual not to exceed $10,000.

Accordingly, the Commission directed the Joint Applicants to file a response within ten (10) days of the date of the receipt of the March 18 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 DSLnet-VA.

On April 1, 2010, a Response to Commission Order ("Response") was filed on behalf of MegaPath and DSLnet-VA ("Companies").[2] The Response stated that since MegaPath was already an indirect owner of DSLnet-VA, it was unclear to the Companies that removing DSLnet from the chain of ownership would require Commission approval under § 56-88.1 of the Code. However, the Response acknowledges that it is for the Commission to interpret the correct scope of its rules, and therefore, given the Commission's March 18 Order, the Companies should have sought approval under § 56-88.1 of the Code. The Companies submit that such violation was minor insofar as there has been no change in the control of DSLnet-VA even though as a structural matter its corporate parent has changed.

The Companies further assert that the public interest in a competitive telecommunications market is best served by elimination of unnecessary inefficiencies and costs in the corporate structure of telephone companies as such duplication tends to increase the costs that telephone companies must pass on to their customers. According to the Companies, the internal corporate restructuring that merged DSLnet with and into MegaPath, with MegaPath surviving the merger, eliminated needless duplication within their respective operations. In addition, the Companies submit that the event was completely transparent outside of the Companies' internal systems and did not result in any alteration in service to any end user customer in Virginia.

Furthermore, the Companies assert that this merger did not harm end users in that DSLnet-VA continues to provide high-quality communications services, did not interrupt end user service, and did not change rates, terms, or conditions of service. The Companies state that to their knowledge, this is the first occurrence in which either MegaPath or DSLnet-VA apparently violated Virginia law or the Commission's rules, and that the Companies fully intend to comply with all applicable Virginia law and the Commission's rules in the future.

For the reasons set out in the Response, the Companies submit that if the Commission determines that the violation of § 56-88.1 of the Code should be punished with a fine, that the fine should be minimal. Additionally, the Companies request that the Commission suspend all or a portion of any penalty imposed on the condition that the Companies not violate § 56-88.1 of the Code in the future. The Companies submit that should the Commission determine by order that the Companies violated § 56-88.1 of the Code a second time in the future, the suspended portion of the fine would come due upon the issuance of that order.

NOW THE COMMISSION, having considered the filings herein and the applicable law, is of the opinion and finds that the Companies should be and hereby are found in violation of § 56-88.1 of the Code and fined $5,000 pursuant to § 12.1-13 of the Code. The Commission further finds that the fine, assessed jointly and severally upon the Companies, should be and hereby is suspended on the condition that the Companies, either individually or collectively, do not violate § 56-88.1 of the Code in the future.

Accordingly, IT IS ORDERED THAT:

(1) MegaPath Inc. and DSLnet Communications VA, Inc., are hereby assessed a fine of $5,000 pursuant to § 12.1-13 of the Code for violation of § 56-88.1 of the Code.

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[1] 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.

[2] DSLnet was merged into MegaPath in a transaction that was executed by the Joint Applicants on December 30, 2009. Said transaction was approved in the Commission's March 18 Order. Accordingly, DSLnet no longer exists.

(2) This fine shall be suspended on the condition that the Companies, 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 active docket and the papers filed herein placed in the Commission's file for ended causes.

CASE NO. PUC-2009-00066
FEBRUARY 16, 2010

JOINT PETITION OF
ZAYO BANDWIDTH NORTHEAST, LLC,
ZAYO BANDWIDTH NORTHEAST SUB, LLC,
ZAYO BANDWIDTH CENTRAL, LLC,
ZAYO BANDWIDTH CENTRAL (VIRGINIA), LLC,
and
ZAYO BANDWIDTH, LLC

For approval of pro forma intra-corporate mergers, pursuant to the Utility Transfers Act, Chapter 5 of Title 56, Va. Code §§ 56-88 *et seq*.

ORDER GRANTING APPROVAL

On December 7, 2009, Zayo Bandwidth Northeast, LLC ("Zayo-NE"), Zayo Bandwidth Northeast Sub, LLC ("Zayo-NE Sub"), Zayo Bandwidth Central (Virginia), LLC ("Zayo-VA"), and Zayo Bandwidth, LLC ("ZB") (collectively, the "Joint Petitioners"), filed a Joint Petition with the State Corporation Commission ("Commission"), pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"), for approval of pro forma intra-corporate mergers.

The Joint Petitioners filed the Joint Petition with the Commission under seal, pursuant to 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure ("Rules") regarding confidential information, in order to obtain confidential treatment of Confidential Exhibit E of the Joint Petition ("Confidential Exhibit"),[1] which contains consolidated financial statements of the Joint Petitioners. Rule 5 VAC 5-20-170 states, in part: "When an application (including supporting documents and prefiled testimony) contains information that the applicant claims to be confidential, the filing shall be made under seal and accompanied by a motion for protective order or other confidential treatment." Therefore, on December 18, 2009, the Joint Petitioners filed with the Commission a Motion for Protective Order ("Motion"), pursuant to 5 VAC 5-20-170 of the Commission's Rules, to obtain confidential treatment of the financial information contained in the Confidential Exhibit.

On December 23, 2009, Staff filed a Memorandum of Completeness, which deemed the Joint Petition complete as of December 18, 2009.

On January 21, 2010, the Joint Petitioners filed an Amendment to the Joint Petition in which it added Zayo Bandwidth Central, LLC ("Zayo-Central"), as a Petitioner in this proceeding.[2] Accordingly, Zayo-NE, Zayo-NE Sub, Zayo-Central, Zayo-VA and ZB are referred to herein collectively as the "Joint Petitioners." The Joint Petition and the Amendment to the Joint Petition are referred to herein collectively as the "Joint Petition."

The Joint Petitioners are all Delaware limited liability companies with principal business headquarters located in Louisville, Colorado. Zayo-NE, Zayo-Central, and ZB are direct subsidiaries of Zayo Group, LLC ("Zayo Group"), and Zayo-NE Sub and Zayo-VA are direct subsidiaries of Zayo-NE and Zayo-Central, respectively.

Zayo Group is a Delaware limited liability company that is wholly owned by Zayo Group Holdings, Inc. ("Zayo Holdings"), which in turn is wholly owned by Communications Infrastructure Investment, LLC ("CII"). Zayo Group, through its operating subsidiaries, provides bandwidth, voice, collocation and interconnection, and managed services to carrier, enterprise, small and medium enterprise, and government customers. Zayo Group has begun to market its telecommunications services through four specialized business units: Zayo Bandwidth, Zayo Enterprise Networks, Onvoy Voice Services, and zColo. These business units focus on defined service and customer segments, which allows each unit to target its sales, operations, customer service, and management teams on its specific segment. The Zayo Bandwidth business unit is currently the only unit that has companies that provide telecommunications services in Virginia.

Since May 2007, Zayo Group has acquired the following entities that currently comprise the Zayo Bandwidth business unit: (1) Memphis Networx, LLC (now known as Zayo Bandwidth Tennessee, LLC) ("Zayo-TN"); (2) PPL Telcom, LLC (now known as Zayo-NE) and PPL Prism, LLC (now known as Zayo-NE Sub);[3] (3) Indiana Fiber Works, LLC (now known as Zayo Bandwidth Indiana, LLC) ("Zayo-IN"); (4) Citynet Fiber Network, LLC (now known as Zayo-Central) and Citynet Virginia, LLC (now known as Zayo-VA);[4] (5) Northwest Telephone, Inc. (now known as Zayo Bandwidth Northwest,

[1] The Joint Petitioners state that the information contained in the Confidential Exhibit is extremely sensitive financial information that could be used by competitors to determine revenue and other information damaging to the Joint Petitioners and, therefore, disclosure of such information would be extremely detrimental and could be used by the Joint Petitioners' competitors to materially affect their ability to compete effectively.

[2] Zayo-Central was added as a Petitioner in this proceeding because of their disposal of direct control of Zayo-VA as a result of the proposed mergers.

[3] The acquisition of Zayo-NE and Zayo-NE Sub by Zayo Group was completed on August 24, 2007, pursuant to the Commission's Order Granting Approval entered July 30, 2007, in Case No. PUC-2007-00053.

[4] The acquisition of Zayo-Central and Zayo-VA by Zayo Group was completed on February 15, 2008, pursuant to the Commission's Order Granting Approval entered February 15, 2008, in Case No. PUC-2008-00007.

Inc.) ("Zayo-NW"); (6) Fiberlink, LLC d/b/a Columbia Fiber Solutions ("CFS"); and (7) NTI of California, LLC ("NTIC"). In addition, there are three other entities, Zayo Bandwidth Tri-State, LLC, Zayo Bandwidth Midwest, LLC, and ZB, which are included in the Zayo Bandwidth business unit, for a total of twelve current Zayo Bandwidth companies.[5]

The Zayo Bandwidth business unit provides Private Line, Ethernet, Wavelength, Dedicated Internet Access and Collocation services to wholesale and large enterprise customers. In Virginia, (1) Zayo-NE is certificated to provide interexchange telecommunications services pursuant to the Commission's Order entered October 15, 2007, in Case No. PUC-2007-00074;[6] (2) Zayo-NE Sub is certificated to provide interexchange telecommunications services pursuant to the Commission's Order entered October 15, 2007, in Case No. PUC-2007-00074;[7] (3) Zayo-VA is certificated to provide both local exchange and interexchange telecommunications services pursuant to the Commission's Order entered June 19, 2008, in Case No. PUC-2008-00032;[8] and (4) ZB currently has an application pending at the Commission for certificates of public convenience and necessity ("CPCNs") to provide resold and facilities-based local exchange and interexchange telecommunications services in Virginia.[9] Zayo-Central provides interstate or non-regulated telecommunications services and, therefore, does not hold a CPCN in Virginia.

Collectively, Zayo-NE, Zayo-NE Sub, and Zayo-Central provide Private Line, Ethernet, Wavelength, Dedicated Internet Access and Collocation services to approximately thirty-one customers in Virginia. Zayo-VA currently provides wholesale access to collocation space, pole attachments, and conduit leases in Virginia but does not provide any retail telecommunications services. Zayo-VA's sole customer is its parent company, Zayo-Central.

The Joint Petitioners request Commission approval of pro forma intra-corporate mergers that will result in the transfer of direct control of Zayo-NE, Zayo-NE Sub, and Zayo-VA to ZB.[10] As part of its effort to streamline its corporate structure, Zayo Group will merge Zayo-NE, Zayo-NE Sub, Zayo-Central, and Zayo-VA with and into ZB, with ZB as the surviving entity. Upon completion of the proposed mergers and the issuance of the requested CPCNs in the Pending Application, ZB will remain a direct wholly owned subsidiary of Zayo Group, and the customers of Zayo-NE, Zayo-NE Sub, Zayo-Central, and Zayo-VA will become customers of ZB. The proposed mergers will effectively eliminate Zayo-NE, Zayo-NE Sub, Zayo-Central, and Zayo-VA from the corporate structure of Zayo Group, and ZB will be the only remaining Zayo Bandwidth business unit that provides telecommunications services in Virginia.

The Joint Petitioners represent that the proposed mergers will create efficiencies for Zayo Group and its specialized business units by reducing the accounting, reporting, managerial, and operating complexities involved with having such a complex corporate structure. Specifically, the Joint Petitioners state that Zayo Group has determined the Zayo Bandwidth business unit would be more efficient by consolidating the twelve current Zayo Bandwidth companies into ZB and two subsidiaries, Zayo-TN and Adesta Communications, Inc. ("ACI").[11] As a result, all of the various existing Zayo Bandwidth entities, except Zayo-TN and ACI, will be consolidated into ZB, which will streamline the operations of the Zayo Bandwidth business unit and possibly make it a stronger competitor to the ultimate benefit of its customers. The Joint Petitioners further state that, because all operating entities currently comprising the Zayo Bandwidth business unit currently include the Zayo Bandwidth name and logo on all marketing materials, correspondence, and bills, even the change in the legal name of their provider will be virtually transparent to the affected customers. Upon completion of the proposed mergers, the current customers of Zayo-NE, Zayo-NE Sub, Zayo-Central, and Zayo-VA will begin to receive telecommunications service from ZB with no change in the rates, terms, and conditions of such service. The Joint Petitioners state that the only perceptible change resulting from the proposed intra-corporate mergers will be the name of the company providing the affected customer's telecommunications service.

NOW THE COMMISSION, upon consideration of the Joint Petition and representations of the Joint Petitioners and having been advised by its Staff, is of the opinion and finds that the Joint Petitioners' Motion is no longer necessary and should, therefore, be denied.[12] The Commission is also of the

[5] Zayo Bandwidth Tri-State, LLC, and Zayo Bandwidth Midwest, LLC, are direct subsidiaries of Zayo Group.

[6] Zayo-NE was formally known as PPL Telcom, LLC ("Telcom"), which was issued Certificate No. TT-197A to provide interexchange telecommunications services in Virginia pursuant the Commission's Final Order entered September 23, 2003, in Case No. PUC-2003-00095. On October 15, 2007, in Case No. PUC-2007-00074, the Commission approved Telcom's name change to Zayo-NE, cancelled Certificate No. TT-197A, and issued Certificate No. TT-197B in the name of Zayo Bandwidth Northeast, LLC.

[7] Zayo-NE Sub was formally known as PPL Prism, LLC ("Prism"), which was issued Certificate No. TT-193A to provide interexchange telecommunications services in Virginia pursuant to the Commission's Final Order entered June 20, 2003, in Case No. PUC-2003-00035. On October 15, 2007, in Case No. PUC-2007-00074, the Commission approved Prism's name change to Zayo-NE Sub, cancelled Certificate No. TT-193A, and issued Certificate No. TT-193B in the name of Zayo Bandwidth Northeast Sub, LLC.

[8] Zayo-VA was formally known as Citynet Virginia, LLC ("Citynet VA"). Citynet VA was certificated to provide local exchange and interexchange telecommunications services in Virginia pursuant to Certificate Nos. T-621 and TT-200A, respectively, issued pursuant to the Commission's Final Order entered March 5, 2004, in Case No. PUC-2003-00174. On June 19, 2008, in Case No. PUC-2008-00032, the Commission approved Citynet VA's name change to Zayo-VA, cancelled Certificate Nos. T-621 and TT-200A, and issued Certificate Nos. T-621a and TT-200B in the name of Zayo Bandwidth Central (Virginia), LLC.

[9] *See Application of Zayo Bandwidth, LLC, for certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services*, Case No. PUC-2009-00067 ("Pending Application").

[10] Since Zayo-Central does not currently provide, or hold a CPCN to provide, regulated telecommunications services in Virginia, the Joint Petitioners do not need Commission approval of the transfer of direct control of Zayo-Central to ZB. As previously stated, Zayo-Central was added as a Petitioner in this proceeding because of its disposal of direct control of Zayo-VA as a result of the proposed mergers.

[11] ACI does not provide, or hold any authorizations to provide, regulated telecommunications services in any state. The Joint Petitioners state that, for various business and legal reasons, Zayo-TN will not be consolidated into ZB at this time and will maintain its separate corporate existence for the near future. Ultimately, Zayo Group expects that Zayo-TN will also be consolidated into ZB.

[12] The Commission held the Joint Petitioners' Motion in abeyance. We note that the Commission has received no request for leave to review the confidential financial information filed by the Joint Petitioners in this proceeding. Accordingly, we deny the Motion as moot but direct the Clerk of the Commission to retain such information under seal.

opinion and finds that the above-described pro forma intra-corporate mergers, resulting in the transfer of direct control of Zayo-NE, Zayo-NE Sub, and Zayo-VA to ZB, will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved. However, such approval is subject to ZB obtaining the CPCNs in Case No. PUC-2009-00067.

Accordingly, IT IS ORDERED THAT:

(1) The Joint Petitioners' Motion for Protective Order is hereby denied; however, we direct the Clerk of the Commission to retain the confidential information, to which the Motion pertains, under seal.

(2) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Joint Petitioners are hereby granted approval for the pro forma intra-corporate mergers, resulting in the transfer of direct control of Zayo-NE, Zayo-NE Sub, and Zayo-VA to ZB, as described herein, subject to ZB obtaining the certificates of public convenience and necessity in Case No. PUC-2009-00067.

(3) The Joint Petitioners shall file a report of the action taken pursuant to the approval granted herein within thirty (30) days of the transaction taking place, subject to administrative extension by the Commission's Director of Public Utility Accounting. Such report shall include the date the transaction took place.

(4) Upon completion of the mergers approved herein and the issuance by the Commission of the requested certificates of public convenience and necessity in Case No. PUC-2009-00067, the Joint Petitioners shall file a letter with the Clerk of the Commission, with a copy provided to the Division of Communications, requesting that the current certificates of public convenience and necessity issued to Zayo-NE, Zayo-NE Sub, and Zayo-VA be canceled.

(5) There appearing nothing further to be done in this matter, it hereby is dismissed.

CASE NO. PUC-2009-00067
APRIL 21, 2010

APPLICATION OF
ZAYO BANDWIDTH, LLC

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

FINAL ORDER

On December 15, 2009, Zayo Bandwidth, LLC ("Zayo" or "Applicant"), completed an application with the State Corporation Commission ("Commission") for certificates of public convenience and necessity ("certificates") to provide local exchange and interexchange telecommunications services throughout the Commonwealth of Virginia. The Applicant also requested authority to price its interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia.

By Order for Notice and Comment dated December 29, 2009, the Commission directed the Applicant to provide notice to the public of its application and directed the Commission Staff ("Staff") to conduct an investigation and file a Staff Report. The Applicant filed proof of service on January 19, 2010, and proof of publication on February 16, 2010, as required by the December 29, 2009 Order for Notice and Comment.

On March 26, 2010, the Staff filed its Report finding that Zayo'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 Zayo's application, the Staff determined it would be appropriate to grant the Applicant certificates to provide local exchange and interexchange telecommunications services subject to the following condition: Zayo should notify the Division of Economics and Finance no less than thirty (30) days prior to the cancellation or lapse of its bond and should provide a replacement bond at that time. This requirement should be maintained until such time as the Commission determines it is no longer necessary.

NOW THE COMMISSION, having considered the application and the Staff Report, finds that the Applicant should be granted certificates to provide local exchange and interexchange telecommunications services. Having considered § 56-481.1 of the Code of Virginia, the Commission further finds that the Applicant may price its interexchange telecommunications services competitively.

Accordingly, IT IS ORDERED THAT:

(1) Zayo Bandwidth, LLC, is hereby granted a certificate of public convenience and necessity, No. TT-252A , to provide interexchange telecommunications services subject to the restrictions set forth in the Rules Governing the Certification of Interexchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(2) Zayo Bandwidth, LLC, is hereby granted a certificate of public convenience and necessity, No. T-696, to provide local exchange telecommunications services subject to the restrictions set forth in the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(3) Pursuant to § 56-481.1 of the Code of Virginia, the Applicant may price its interexchange telecommunications services competitively.

(4) The Applicant shall provide tariffs to the Division of Communications that conform to all applicable Commission rules and regulations.

(5) Zayo Bandwidth, LLC, shall notify the Division of Economics and Finance no less than thirty (30) days prior to the cancellation or lapse of its bond and shall provide a replacement bond at that time. This requirement shall be maintained until such time as the Commission determines it is no longer necessary.

(6) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the file for ended causes.

CASE NO. PUC-2009-00069
JANUARY 8, 2010

PETITION OF
PNG TELECOMMUNICATIONS OF VIRGINIA, LLC d/b/a POWERNET GLOBAL COMMUNICATIONS

For replacement of existing letter of credit with surety bond and return of the letter of credit

ORDER GRANTING PETITION

By Order dated February 11, 2004, in Case No. PUC-2003-00139, the State Corporation Commission ("Commission") granted PNG Telecommunications of Virginia, LLC d/b/a PowerNet Global Communications ("PNG" or "Company"), a certificate of public convenience and necessity to provide local exchange telecommunications services. In granting that local exchange certificate, the Commission waived the requirement for a $50,000 performance or surety bond, as set out in Rule 20 VAC 5-417-20 G 1 b, and accepted in its place a $50,000 irrevocable letter of credit.

By petition filed December 11, 2009, in the present case, PNG requests that the Commission replace the irrevocable letter of credit, which is currently being held by the Commission, with a $50,000 surety bond issued by the Hartford Insurance Company. PNG further requests that the existing letter of credit be returned to the Company's offices upon acceptance of the surety bond as an acceptable replacement for the letter of credit.

NOW THE COMMISSION, having considered the matter, is of the opinion that PNG's petition should be granted.

Accordingly, IT IS ORDERED THAT:

(1) This matter shall be docketed and assigned Case No. PUC-2009-00069.

(2) The letter of credit that is currently being held by the Commission shall be replaced by the $50,000 surety bond issued by the Hartford Insurance Company.

(3) The Commission's Division of Economics and Finance shall forward the letter of credit to the offices of PNG so that the Company may effectuate the cancellation of the letter of credit.

(4) PNG shall notify the Division of Economics and Finance no less than thirty (30) days prior to the cancellation or lapse of its bond and shall provide a replacement bond at that time. This requirement shall be maintained until such time as the Commission determines it is no longer necessary.

(5) The captioned matter is hereby dismissed.

CASE NO. PUC-2009-00070
JUNE 18, 2010

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

ORDER

On January 12, 2010, the State Corporation Commission ("Commission") issued its Rule to Show Cause ("Rule") against Jacqui Electric Company ("Defendant"). The Rule appointed a Hearing Examiner to conduct all further proceedings and scheduled a hearing at which the Defendant was required to appear and show cause why penalties should not be imposed for alleged violations of the Pay Telephone Registration Act, § 56-508.15 *et seq*. of the Code of Virginia ("Act"), and the Rules for Payphone Services and Instruments, 20 VAC 5-407-10 *et seq*., promulgated pursuant to the Act.

On February 16, 2010, counsel for the Commission's Division of Communications ("Staff") filed a request to continue the hearing in the above-referenced matter for the parties to pursue a stipulation that would resolve the matter.

By Hearing Examiner's Ruling entered on February 17, 2010, the hearing on the Rule was cancelled and the matter continued generally. On April 13, 2010, the Staff filed a Motion to Schedule Hearing because efforts to commit a stipulation to writing had not been successful. By Hearing Examiner Ruling entered April 20, 2010, the hearing was scheduled for 10:00 a.m. on May 4, 2010.

The hearing was convened as scheduled. Counsel for the Staff presented a stipulation entered into between the Staff and the Defendant ("Stipulation").

On May 5, 2010, the Hearing Examiner issued his Report finding that the Stipulation resolves the issues in controversy and should be adopted. The Report noted that the comment period should be waived.

Further, the Hearing Examiner recommended that the Commission adopt the findings of his Report, adopt the Stipulation, direct the Defendant to comply with the terms of the Stipulation, and pass the papers herein to the file for ended causes.

NOW THE COMMISSION, having considered the Stipulation appended hereto as Attachment A, and the Hearing Examiner's Report, is of the opinion and finds that the recommendations of the Hearing Examiner should be adopted.

Accordingly, IT IS ORDERED:

(1) The Stipulation dated April 21, 2010, is accepted.

(2) The findings of the Hearing Examiner's Report of May 5, 2010, are adopted.

(3) The Defendant shall comply with the terms of the Stipulation and shall, on or before June 21, 2010, file a report with the Division of Communications that shows the terms set out in Item (4) of the Stipulation have been fulfilled.

(4) This matter is dismissed and the papers herein are passed to the file for ended causes.

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

CASE NO. PUC-2009-00072
MAY 10, 2010

APPLICATION OF
MCC TELEPHONY OF THE MID-ATLANTIC, LLC

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

FINAL ORDER

On February 1, 2010, MCC Telephony of the Mid-Atlantic, LLC ("MCC" or the "Company"), completed an application with the State Corporation Commission ("Commission") for certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services throughout the Commonwealth of Virginia. The Company also requested authority to price its interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia.

By Order for Notice and Comment dated February 22, 2010, the Commission directed the Company to provide notice to the public of its application and directed the Commission Staff to conduct an investigation and file a Staff Report. On April 1, 2010, the Company filed proof of publication and proof of service as required by the February 22, 2010 Order.

On April 23, 2010, the Staff filed its Report finding that MCC'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 MCC's application, the Staff determined it would be appropriate to grant the Company certificates to provide local exchange and interexchange telecommunications services subject to the following condition: MCC should notify the Division of Economics and Finance no less than thirty (30) days prior to the cancellation or lapse of its bond and should provide a replacement bond at that time. This requirement should be maintained until such time as the Commission determines it is no longer necessary.

NOW THE COMMISSION, having considered the application and the Staff Report, finds that the Company should be granted certificates to provide local exchange and interexchange telecommunications services. Having considered § 56-481.1 of the Code of Virginia, the Commission further finds that the Company may price its interexchange telecommunications services competitively.

Accordingly, IT IS ORDERED THAT:

(1) MCC Telephony of the Mid-Atlantic, LLC, is hereby granted a certificate of public convenience and necessity, No. TT-253A, to provide interexchange telecommunications services subject to the restrictions set forth in the Commission's Rules Governing the Certification of Interexchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(2) MCC Telephony of the Mid-Atlantic, LLC, is hereby granted a certificate of public convenience and necessity, No. T-698, to provide local exchange telecommunications services subject to the restrictions set forth in the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(3) The Company shall provide tariffs to the Division of Communications that conform with all applicable Commission rules and regulations.

(4) The Company shall notify the Division of Economics and Finance no less than thirty (30) days prior to the cancellation or lapse of its bond and shall provide a replacement bond at that time. This requirement shall be maintained until such time as the Commission determines it is no longer necessary.

(5) Pursuant to § 56-481.1 of the Code of Virginia, the Company may price its interexchange telecommunications services competitively.

(6) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the file for ended causes.

CASE NO. PUC-2009-00073
MAY 17, 2010

APPLICATION OF
FRONTIER COMMUNICATIONS OF VIRGINIA, INC

For a certificate of public convenience and necessity to provide local exchange telecommunications services

FINAL ORDER

On December 29, 2009, Frontier Communications of Virginia, Inc. ("Frontier" or "Company"), filed an application for a certificate of public convenience and necessity with the State Corporation Commission ("Commission") to provide local exchange telecommunications services pursuant to the small investor-owned telephone company requirements, § 56-531, *et seq.* of the Code of Virginia, in the Crows-Hematite exchange currently served by Verizon Virginia Inc ("Verizon").

By Order for Notice and Comment dated February 16, 2010, the Commission directed the Company to provide notice of its application to the certificated local exchange and interexchange providers and the public in the Crows-Hematite exchange and directed the Commission Staff to conduct an investigation and file a Staff Report. On March 9, 2010, Frontier filed proof of publication and proof of service as required by the February 16, 2010 Order.

On April 12, 2010, the Staff filed its Report finding that Frontier'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*. On April 14, 2010, Frontier filed a response to the Staff Report. Based upon its review of Frontier's application, the Staff determined it would be appropriate to grant the Company a certificate to provide local exchange telecommunications services, subject to three conditions set forth in the Report as follows:

1. Frontier Communications of Virginia, Inc. should notify the Division of Economics and Finance no less than thirty (30) days prior to the cancellation or lapse of its bond and should provide a replacement bond at that time. This requirement should be maintained until such time as the Commission determines it is no longer necessary.

2. Frontier should provide tariffs that mirror the service offerings currently provided by Verizon in the Crows-Hematite exchange. This includes calling scopes, rates, charges, and terms and conditions of service. Frontier should not offer service until such tariffs have been reviewed and accepted by the Division of Communications.

3. If Frontier becomes the successor company to Verizon in the Crows-Hematite exchange, it should abide by the carrier of last resort obligations and any other state or federal requirements applicable to the incumbent local exchange carrier for that exchange.

Furthermore, the Staff Report did not object to Frontier's intent to operate as a small investor-owned telephone company pursuant to § 56-531, *et seq.* of the Code of Virginia as it will fit that definition once it becomes the successor company to Verizon in the Crows-Hematite exchange.

NOW THE COMMISSION, having considered the application and the Staff Report, finds that the Company should be granted a certificate to provide local exchange telecommunications services, subject to the conditions listed above.

Accordingly, IT IS ORDERED THAT:

(1) Frontier Communications of Virginia, Inc. is hereby granted a certificate of public convenience and necessity, No. T-697, to provide local exchange telecommunications services in the Crows-Hematite exchange subject to the conditions that follow:

a. Frontier Communications of Virginia, Inc. shall notify the Division of Economics and Finance no less than thirty (30) days prior to the cancellation or lapse of its bond and shall provide a replacement bond at that time. This requirement shall be maintained until such time as the Commission determines it is no longer necessary.

b. Frontier shall provide tariffs that mirror the service offerings currently provided by Verizon in the Crows-Hematite exchange. This includes calling scopes, rates, charges, and terms and conditions of service. Frontier shall not offer service until such tariffs have been reviewed and accepted by the Division of Communications.

c. Frontier may operate as a small investor-owned telephone utility pursuant to Chapter 19 of Title 56 of the Code of Virginia. If Frontier becomes the successor company to Verizon in the Crows-Hematite exchange, it shall abide by the carrier of last resort obligations and any other state and federal requirements applicable to the incumbent local exchange carrier for that exchange.

(2) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the file for ended causes.

CASE NO. PUC-2010-00004
JULY 8, 2010

APPLICATION OF
BETTERWORLD TELECOM, LLC

For a certificate of public convenience and necessity to provide local exchange telecommunications services

ORDER DISMISSING WITHOUT PREJUDICE

On May 10, 2010, BetterWorld Telecom, LLC ("BetterWorld" or "Applicant"), completed an application with the State Corporation Commission ("Commission") for a certificate of public convenience and necessity ("certificate") to provide local exchange telecommunications services throughout the Commonwealth of Virginia.

On June 2, 2010, the Commission entered its Order for Notice and Comment which directed BetterWorld to provide public notice of its application; required BetterWorld to post a surety bond; and established a schedule for all filings needed to complete this proceeding.

On June 16, 2010, BetterWorld filed a letter advising the Commission that it wished to withdraw its application for a certificate of public convenience and necessity to provide local exchange telecommunications services. The Applicant also advised the Commission that it plans to resubmit an application in the future.

NOW THE COMMISSION, having considered the applicable law, is of the opinion and finds that BetterWorld's request should be granted and that this matter should be dismissed without prejudice to BetterWorld's refiling in the future.

Accordingly, IT IS ORDERED THAT:

(1) This case is dismissed without prejudice to the refiling of same.

(2) The record developed herein shall be placed in the file for ended causes.

CASE NO. PUC-2010-00005
JUNE 1, 2010

APPLICATION OF
CINCINNATI BELL ANY DISTANCE OF VIRGINIA LLC

For a certificate of public convenience and necessity to provide local exchange telecommunications services

FINAL ORDER

On February 12, 2010, Cincinnati Bell Any Distance of Virginia LLC, ("CBAD" or the "Company"), filed an application with the State Corporation Commission ("Commission") for a certificate of public convenience and necessity to provide local exchange telecommunications services throughout the Commonwealth of Virginia.

By Order of Notice and Comment dated March 9, 2010, the Commission directed the Company to provide notice to the public of its application and directed the Commission Staff to conduct an investigation and file a Staff Report. On April 23, 2010, CBAD filed proof of publication and proof of service as required by the March 9, 2010 Order.

On April 30, 2010, the Staff filed its Report finding that CBAD'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 CBAD's application, the Staff determined it would be appropriate to grant the Company a certificate to provide local exchange telecommunications services, subject to the condition set forth in the Report as follows:

CBAD should notify the Division of Economics and Finance no less than thirty (30) days prior to the cancellation or lapse of its bond and should provide a replacement bond at that time. This requirement should be maintained until such time as the Commission determines it is no longer necessary.

NOW THE COMMISSION, having considered the application and the Staff Report, finds that the Company should be granted a certificate to provide local exchange telecommunications services, subject to the condition listed above.

Accordingly, IT IS ORDERED THAT:

(1) CBAD is hereby granted a certificate of public convenience and necessity, No. T-699, to provide local exchange telecommunications services subject to the restrictions set forth in the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(2) The Company shall provide tariffs to the Division of Communications that conform with all applicable Commission rules and regulations.

(3) CBAD shall notify the Division of Economics and Finance no less than 30 days prior to the cancellation or lapse of its bond and shall provide a replacement bond at that time. This requirement shall be maintained until such time as the Commission determines it is no longer necessary.

(4) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the file for ended causes.

CASE NO. PUC-2010-00007
MARCH 25, 2010

JOINT PETITION OF
PEOPLES MUTUAL TELEPHONE COMPANY,
FAIRPOINT COMMUNICATIONS SOLUTIONS CORP. – VIRGINIA,
and
FAIRPOINT COMMUNICATIONS, INC.

For approval of the transfer of control of Peoples Mutual Telephone Company and FairPoint Communications Solutions Corp. — Virginia, in connection with the bankruptcy proceeding of FairPoint Communications, Inc., pursuant to the Utility Transfers Act, Chapter 5 of Title 56, Va. Code §§ 56-88 *et seq*.

ORDER GRANTING APPROVAL

On February 12, 2010, Peoples Mutual Telephone Company ("Peoples Mutual"), FairPoint Communications Solutions Corp. – Virginia ("Solutions") (collectively, the "FairPoint Subsidiaries"), and FairPoint Communications, Inc. ("FairPoint"), 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"), for approval of the transfer of control of the FairPoint Subsidiaries, in connection with the bankruptcy proceeding of FairPoint. Peoples Mutual, Solutions, and FairPoint are collectively referred to herein as the "Joint Petitioners." On February 19, 2010, Staff filed a Memorandum of Completeness, which deemed the Joint Petition complete as of February 12, 2010.

FairPoint is a publicly traded Delaware corporation with its principal business headquarters located in Charlotte, North Carolina. FairPoint was formed to acquire and operate rural and small urban telecommunications companies and currently owns thirty-three (33) companies serving approximately 1.6 million access line equivalents in eighteen (18) states. FairPoint is the ultimate parent company of, among other entities, MJD Ventures, Inc. ("MJD Ventures"), and the FairPoint Subsidiaries.

Peoples Mutual, a Virginia public service company providing telecommunications services in and around Gretna, Virginia, is wholly owned by MJD Ventures. The Commission approved MJD Ventures' purchase of all of Peoples Mutual's common equity on February 15, 2000, in Case No. PUA-1999-00081, a transaction that was completed on April 3, 2000.[1] Peoples Mutual is, therefore, an indirect subsidiary of FairPoint. Currently, Peoples Mutual provides facilities-based local exchange and interexchange telecommunications services to approximately 8,600 customers in Virginia as an Incumbent Local Exchange Carrier.

Solutions is also an indirect subsidiary of FairPoint but is no longer an operating entity and does not provide any telecommunications services in Virginia. In Virginia, Solutions is certificated as a Competitive Local Exchange Carrier to provide competitive local exchange and interexchange telecommunications services pursuant to its certificates of public convenience and necessity ("CPCNs"), Certificate Nos. T-502a and TT-107B, respectively, issued pursuant to the Commission's Final Order entered August 2, 2002, in Case No. PUC-2002-00125.[2] Solutions has no assets or customers in Virginia.

The Joint Petitioners request Commission approval of the indirect transfer of control of the FairPoint Subsidiaries in connection with the reorganization of FairPoint under Chapter 11 of the United States Bankruptcy Code (the "Proposed Transaction").[3] The Proposed Transaction will result in a change in the ownership of FairPoint, the ultimate corporate parent of the FairPoint Subsidiaries, which in turn will result in the change of indirect ownership of the FairPoint Subsidiaries. The Joint Petitioners state that the Proposed Transaction does not involve, nor do the Joint Petitioners seek Commission approval for the following: (1) a transfer of the FairPoint Subsidiaries' authorizations to provide local exchange and interexchange telecommunications services in Virginia; (2) the transfer of any of the FairPoint Subsidiaries' assets or customers in Virginia; (3) the issuance of any stock, bonds, notes, or other evidence of indebtedness by the FairPoint Subsidiaries; or (4) any change affecting the FairPoint Subsidiaries' rates or day-to-day operations. Upon completion of the Proposed Transaction, and the emergence of FairPoint from bankruptcy, the corporate structure of FairPoint will remain unchanged, with FairPoint remaining the ultimate parent company of the FairPoint Subsidiaries.

On October 26, 2009, FairPoint filed a Petition under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court for the Southern District of New York ("Bankruptcy Court") through which the Proposed Transaction will be accomplished.[4] The Joint Petitioners state that it is critical for FairPoint, as the Debtor-In-Possession ("DIP"), to have access to a sufficient credit facility to meet working capital needs throughout the bankruptcy process. To emerge from bankruptcy, FairPoint will replace its package of DIP financing pursuant to the terms of a Credit Agreement with a consortium of banks ("New Credit

[1] *See Joint Petition of Peoples Mutual Telephone Company and MJD Ventures, Inc, For authority pursuant to § 56-88.1 of the Code of Virginia*, Case No. PUA-1999-00081, 2000 S.C.C. Ann. Rept. 157-158, Order Granting Authority (Feb. 15, 2000).

[2] Solutions was formerly known as FairPoint Communications Corp. – Virginia ("FairPoint-VA"). FairPoint-VA was certificated to provide local exchange and interexchange telecommunications services in Virginia pursuant to Certificate Nos. T-502 and TT-107A, respectively, issued pursuant to the Commission's Final Order entered August 29, 2000, in Case No. PUC-2000-00037. On August 2, 2002, in Case No. PUC-2002-00125, the Commission canceled Certificate Nos. T-502 and TT-107A, and reissued Certificate Nos. T-502a and TT-107B in the name of FairPoint Communications Solutions Corp. — Virginia.

[3] Although Solutions does not currently have any assets or customers in Virginia, it still holds certificates to provide local exchange and interexchange telecommunications in Virginia and, therefore, Commission approval of the proposed indirect transfer of control of Solutions is required.

[4] Petition, *In re* FairPoint Communications, Inc., *et al.*, No. 09-16335 (Bankr. S.D.N.Y.) (filed October 26, 2009).

Agreement"), which will provide for a $1 billion term loan and a $75 million revolver. By Interim Order of October 28, 2009, the Bankruptcy Court authorized FairPoint to obtain up to $20,000,000 in principal amount of post-petition financing pending entry of the final order. The Joint Petitioners represent that the FairPoint Subsidiaries will not be signatories to the New Credit Agreement. As a result, the lenders that were parties to FairPoint's Credit Agreement prior to the filing for bankruptcy will own substantially all of the common equity of FairPoint upon emergence from bankruptcy and, collectively, will thereby gain "control" of the FairPoint Subsidiaries as defined by § 56-88.1 of the Code.

FairPoint submitted the Debtors' Disclosure Statement pursuant to Section 1125 of the Bankruptcy Code to the Bankruptcy Court on February 8, 2010. The Disclosure Statement included the Debtors' Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code as Exhibit A to the Disclosure Statement. On February 11, 2010, FairPoint submitted an Amended Disclosure Statement ("Disclosure Statement"), which included the Debtors' First Amended Joint Plan of Reorganization ("Joint Plan"). The Joint Petitioners state that the Joint Plan would, if confirmed by the Bankruptcy Court, allow FairPoint to reorganize successfully and accomplish the objectives of Chapter 11 of the Bankruptcy Code.

As described in the Joint Plan, and the Disclosure Statement, the Joint Plan reflects a consensual resolution and settlement among FairPoint and its consenting secured lenders of the New Credit Agreement.[5] The Joint Petitioners state that FairPoint's reorganization is premised upon effecting a substantial deleveraging and strengthening of its balance sheet through the conversion of nearly $1.7 billion of its pre-petition indebtedness into new common stock. As a result, FairPoint will emerge from bankruptcy as a public company. The Joint Petitioners state that the Proposed Transaction will substantially reduce FairPoint's long-term debt and ensure that Peoples Mutual may continue to provide high-quality telecommunications services, and otherwise meet its contract and service obligations to Virginia customers, following FairPoint's emergence from bankruptcy.

The Joint Petitioners represent that the only change that will occur as a result of the Proposed Transaction will be the collective acquisition by the lenders of the New Credit Agreement of substantially all of the common equity of FairPoint, thereby gaining control of FairPoint and, therefore, indirect control of the FairPoint Subsidiaries.[6] FairPoint will remain the ultimate corporate parent of the FairPoint Subsidiaries upon its emergence from bankruptcy. The Joint Petitioners state that, since the Proposed Transaction does not involve a sale, acquisition, merger, or other business combination of the FairPoint Subsidiaries, nor will it result in any transfer or assignment of the authorizations or customers of the FairPoint Subsidiaries to a third party, the Proposed Transaction will not affect the rates, terms, and conditions under which Peoples Mutual currently provides telecommunications services to customers in Virginia.

NOW THE COMMISSION, upon consideration of the Joint Petition and representations of the Joint Petitioners and having been advised by its Staff, is of the opinion and finds that the above-described Proposed Transaction, resulting in the indirect transfer of control of the FairPoint Subsidiaries, will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Joint Petitioners are hereby granted approval to consummate the Proposed Transaction to allow for the indirect transfer of control of the FairPoint Subsidiaries as described herein.

(2) The Joint Petitioners shall file a report of the action taken pursuant to the approval granted herein within thirty (30) days of the Proposed Transaction taking place, subject to administrative extension by the Commission's Director of Public Utility Accounting. Such report shall include the date the Proposed Transaction took place.

(3) There appearing nothing further to be done in this matter, it hereby is dismissed.

[5] The Joint Petitioners state that the Joint Plan has the support of the consenting secured lenders.

[6] The Joint Petitioners further represent that none of the lenders of the New Credit Agreement gaining control of FairPoint and, therefore, indirect control of the FairPoint Subsidiaries, will own more than twenty-five percent (25%) of the new common stock of FairPoint upon its emergence from bankruptcy.

CASE NO. PUC-2010-00008
AUGUST 9, 2010

JOINT APPLICATION OF
LIGHTYEAR NETWORK SOLUTIONS, LLC,
LY HOLDINGS, LLC,
and
LIGHTYEAR NETWORK SOLUTIONS, INC. f/k/a LIBRA ALLIANCE CORPORATION

For approval of a pro forma change in corporate structure resulting in the transfer of direct control of Lightyear Network Solutions, LLC, pursuant to §§ 56-88.1 and 56-90 of the Code of Virginia

ORDER GRANTING APPROVAL AND DIRECTING RESPONSE

On February 19, 2010, Lightyear Network Solutions, LLC ("Lightyear"), filed a letter with the State Corporation Commission ("Commission") providing notice of a change in its corporate structure for purposes of Commission records. On March 1, 2010, Staff filed a Memorandum of Incompleteness, which stated that since the change in corporate structure would result in a change of direct control of Lightyear, the transaction would require prior Commission approval, pursuant to § 56-88.1 of the Code of Virginia ("Code"). Therefore, on June 14, 2010, Lightyear, LY Holdings, LLC ("LYH"), and Lightyear Network Solutions, Inc. f/k/a Libra Alliance Corporation ("LYNS") (collectively, the "Joint Applicants"), filed a Joint Application with the Commission, pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code, for approval of the pro forma change in corporate structure resulting in the transfer of direct control of Lightyear from LYH to LYNS. On June 21, 2010, Staff filed a Memorandum of Completeness, which deemed the Joint Application complete as of June 14, 2010.

Lightyear and LYH are both limited liability companies organized and existing under the laws of the Commonwealth of Kentucky with their principal business headquarters located in Louisville, Kentucky. Lightyear is a wholly owned direct subsidiary of LYH. LYNS is a publicly held Nevada corporation that has had no operations since 1998. Lightyear holds domestic and international Section 214 authorizations from the Federal Communications Commission and is authorized to provide local exchange telecommunications services in forty-four (44) states and long-distance telecommunications services in forty-nine (49) states. In Virginia, Lightyear is certificated as a competitive local exchange carrier to provide local exchange telecommunications services pursuant to its certificate of public convenience and necessity ("CPCN"), Certificate No. T-624, issued pursuant to the Commission's Final Order entered May 13, 2004, in Case No. PUC-2004-00013. Lightyear currently provides only resold interexchange telecommunications services to approximately 718 customers in Virginia.

Pursuant to a Securities Exchange Agreement dated as of February 12, 2010, between LYH and LYNS, LYH will exchange 100% of its membership interest in Lightyear for shares in LYNS representing approximately a sixty-nine percent (69%) ownership interest. As a result, LYNS will become the sole direct owner of Lightyear, and LYH will become the only direct owner of more than ten percent (10%) of LYNS. Upon completion of the proposed transaction, the only change will be the insertion of LYNS in Lightyear's current corporate ownership between Lightyear and LYH; LYH will remain the ultimate parent company of Lightyear and will continue to have indirect control of Lightyear though its ownership of LYNS, with no other changes taking place.

The Joint Applicants state that, following the completion of the proposed change in corporate structure, Lightyear's customers will continue to receive telecommunications service under the same rates, terms and conditions of service as currently provided. Further, Lightyear will continue to provide telecommunications services to its customers in Virginia under the same name and will continue to be led by an experienced management team. The proposed transaction will not involve a change in Lightyear's operating authority in Virginia, and Lightyear's current rates will remain in effect. The Joint Applicants state that the proposed transaction will provide Lightyear access to the expanded capital markets available to a publicly traded entity to the ultimate benefit of its Virginia customers.

The Joint Applicants have advised, however, that the proposed change in corporate structure, and the subsequent transfer of direct control of Lightyear, was completed on February 19, 2010, prior to receiving Commission approval. In the Joint Application, the Joint Applicants explain that, by letter filed with the Commission on February 19, 2010, they notified the Commission of their intent to complete the change in corporate structure, and that it would not have any impact on the services provided by Lightyear and would, therefore, be completely transparent to its Virginia customers (the "Notice").[1] Because the change was purely pro forma in nature, the Joint Applicants thought that providing notice to the Commission was sufficient and, therefore, sent the Notice to the Commission to keep it apprised of Lightyear's corporate structure.

NOW THE COMMISSION, upon consideration of the Joint Application and representations of the Joint Applicants and having been advised by its Staff, is of the opinion and finds that the above-described change in corporate structure resulting in the transfer of direct control of Lightyear from LYH to LYNS will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved effective as of the date of this Order. However, the Commission is concerned with the Joint Applicants' failure to obtain the necessary prior approval required under the Utility Transfers Act as evidenced by its actions in connection with the instant Joint Application.

Section 56-88.1 of the Code provides, in part:

> No person, whether acting alone or in concert with others, shall, directly or indirectly, acquire or dispose of control of… (ii) a telephone company, or all of the assets thereof, without the prior approval of the Commission. Any person proposing an acquisition or disposition for which Commission approval is required by this section shall seek such approval pursuant to the procedure of § 56-90….
>
> 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[2] for the failure of any such individual or business conducted by any entity other than an individual to comply with any provision of law or with any valid rule, regulation, or order of the Commission, the Commission may impose and collect from such individual or business conducted by an entity other than an individual a fine in an amount not to exceed $5,000 in the case of an individual, and in the case of a business conducted by an entity other than an individual not to exceed $10,000.

Therefore, the Joint Applicants 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 Lightyear.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Joint Applicants are hereby granted approval, effective as of the date of this Order, of the change in corporate structure resulting in the transfer of direct control of Lightyear Network Solutions, LLC, that occurred on February 19, 2010, as described herein.

[1] The Joint Applicants' Notice was dated February 10, 2010, but not filed with the Commission until February 19, 2010.

[2] 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.

(2) The Joint Applicants shall, either individually or jointly, file a response within ten (10) days of the date of 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.

(3) This case is continued pending further Order of the Commission.

CASE NO. PUC-2010-00008
DECEMBER 29, 2010

JOINT APPLICATION OF
LIGHTYEAR NETWORK SOLUTIONS, LLC,
LY HOLDINGS, LLC,
and
LIGHTYEAR NETWORK SOLUTIONS, INC. f/k/a LIBRA ALLIANCE CORPORATION

For approval of a *pro forma* change in corporate structure resulting in the transfer of direct control of Lightyear Network Solutions, LLC, pursuant to §§ 56-88.1 and 56-90 of the Code of Virginia

FINAL ORDER

On February 19, 2010, Lightyear Network Solutions, LLC ("Lightyear"), filed a letter with the State Corporation Commission ("Commission") providing notice of a change in its corporate structure for purposes of Commission records. On March 1, 2010, Staff filed a Memorandum of Incompleteness, which stated that since the change in corporate structure would result in a change of direct control of Lightyear, the transaction would require prior Commission approval, pursuant to § 56-88.1 of the Code of Virginia ("Code"). Therefore, on June 14, 2010, Lightyear, LY Holdings, LLC ("LYH"), and Lightyear Network Solutions, Inc. f/k/a Libra Alliance Corporation ("LYNS") (collectively, the "Joint Applicants") filed a Joint Application with the Commission, pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code, for approval of the *pro forma* change in corporate structure resulting in the transfer of direct control of Lightyear from LYH to LYNS. On June 21, 2010, Staff filed a Memorandum of Completeness, which deemed the Joint Application complete as of June 14, 2010.

The Joint Applicants advised, however, that the proposed change in corporate structure, and the subsequent transfer of direct control of Lightyear, was completed on February 19, 2010, prior to receiving Commission approval. In the Joint Application, the Joint Applicants explain that, by letter filed with the Commission on February 19, 2010, they notified the Commission of their intent to complete the change in corporate structure and that it would not have any impact on the services provided by Lightyear and would, therefore, be completely transparent to its Virginia customers (the "Notice").[1] Because the change was purely *pro forma* in nature, the Joint Applicants thought that providing notice to the Commission was sufficient and, therefore, sent the Notice to the Commission to keep it apprised of Lightyear's corporate structure.

On August 9, 2010, the Commission issued an Order Granting Approval and Directing Response ("August 9 Order"), which: (1) granted approval of the change in corporate structure resulting in the transfer of direct control of Lightyear from LYH to LYNS, and (2) directed the Joint Applicants to file a response stating why they should not be fined for proceeding with the transfer prior to receipt of Commission approval. The August 9 Order documented that the Joint Applicants informed the Staff that the proposed change in corporate structure and the subsequent transfer of direct control of Lightyear was completed on February 19, 2010, prior to receiving Commission approval.

Section 56-88.1 of the Code provides, in part:

> No person, whether acting alone or in concert with others, shall, directly or indirectly, acquire or dispose of control of… (ii) a telephone company, or all of the assets thereof, without the prior approval of the Commission. Any person proposing an acquisition or disposition for which Commission approval is required by this section shall seek such approval pursuant to the procedure of § 56-90….
>
> 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[2] for the failure of any such individual or business conducted by any entity other than an individual to comply with any provision of law or with any valid rule, regulation, or order of the Commission, the Commission may impose and collect from such individual or business conducted by an entity other than an individual a fine in an amount not to exceed $5,000 in the case of an individual, and in the case of a business conducted by an entity other than an individual not to exceed $10,000.

[1] The Joint Applicants' Notice was dated February 10, 2010, but not filed with the Commission until February 19, 2010.

[2] 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.

Accordingly, the Commission directed the Joint Applicants to file a response within ten (10) days of the date of the issuance of the August 9 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 Lightyear.

On August 23, 2010, a Response to Commission Order ("Response") was filed on behalf of the Joint Applicants. The Response indicated that Lightyear notified the Commission that it planned to complete a *pro forma* change to its corporate structure. Because the change was purely *pro forma* in nature, Lightyear thought that notice to the Commission was sufficient to apprise the Commission of its corporate structure. Joint Applicants were uncertain whether a purely *pro forma* change was an event requiring Commission consent since ultimate ownership and control of Lightyear did not change. Additionally, the Response acknowledges that it is for the Commission to interpret the correct scope of it rules, and therefore, given the Commission's August 9 Order, the Joint Applicants should have sought approval under § 56-88.1 of the Code, but submits that such violation was minor insofar as there has been no change in the ultimate control of Lightyear even though as a pure structural matter one of its corporate parents changed.

The Response further indicates that the public interest in a competitive telecommunications market is best served by providing the public with an array of financially sound telephone companies, an achievement that occurred after the restructuring inserted LYNS as the parent of Lightyear. In addition, the Response submits the event was completely transparent outside of the Joint Applicants' internal systems and did not result in any alteration in service to any end user customer in Virginia.

Moreover, the Response submits that the merger did not harm end users in that Lightyear continues to provide high-quality communication services, did not interrupt end users' service, and did not change rates, terms, or conditions of service. The Response indicates that to their knowledge, this is the first occurrence in which the Joint Applicants apparently violated Virginia law or the Commission's rules and that they fully intend to comply with all applicable Virginia law and Commission rules in the future.

For the reasons set out in the Response, the Joint Applicants submit that if the Commission determines that the violation of § 56-88.1 of the Code should be punishable with a fine, the fine should be minimal. Additionally, the Joint Applicants request that the Commission suspend all or a portion of any penalty imposed on the condition that the Joint Applicants not violate § 56-88.1 of the Code in the future. Moreover, the Response submits that, should the Commission determine by order that the Joint Applicants violated § 56-88.1 of the Code a second time in the future, the suspended portion of the fine would come due upon issuance of that order.

NOW THE COMMISSION, having considered the filings herein and the applicable law, is of the opinion and finds that the Joint Applicants should be and hereby are found in violation of § 56-88.1 of the Code and fined $5,000 pursuant to § 12.1-13 of the Code. The Commission further finds that the fine, assessed jointly and severally upon the Joint Applicants, should be and hereby is suspended on the condition that the Joint Applicants, either individually or collectively, do not violate § 56-88.1 of the Code in the future.

Accordingly, IT IS ORDERED THAT:

(1) Joint Applicants are hereby assessed a fine of $5,000 pursuant to § 12.1-13 of the Code for violation of § 56-88.1 of the Code.

(2) This fine shall be suspended on the condition that the Joint Applicants, either individually or collectively, do not violate § 56-88.1 of the Code in the future.

(3) There being nothing further to come before the Commission, this matter is dismissed from the Commission's active docket and the papers filed herein placed in the Commission's file for ended causes.

CASE NO. PUC-2010-00010
APRIL 7, 2010

PETITION OF
UNITED TELEPHONE SOUTHEAST LLC d/b/a CENTURYLINK
and
CENTRAL TELEPHONE COMPANY OF VIRGINIA d/b/a CENTURYLINK

For an exemption from the annual filing requirement imposed by the Commission pursuant to § 56-77 A of the Code of Virginia

ORDER GRANTING EXEMPTION

On March 11, 2010, United Telephone Southeast LLC d/b/a CenturyLink and Central Telephone Company of Virginia d/b/a CenturyLink (collectively, "Petitioners") filed a petition with the State Corporation Commission ("Commission") requesting an exemption from the annual filing requirement ("Annual Report of Affiliate Transactions") imposed by the Commission pursuant to § 56-77 A of the Code of Virginia ("Code"). The Petitioners are required to submit to the Commission's Director of Public Utility Accounting by April 1 of each year an Annual Report of Affiliate Transactions.[1] The Petitioners hereby request an exemption from submitting such report.

In their Petition, the Petitioners state that the Commission's reasons for requiring such report no longer exist. The Commission has exempted the Petitioners from the filing and prior approval requirement of Chapter 4 of Title 56 of the Code thereby making it no longer necessary for the Petitioners to file for approval of certain arrangements or agreements with their affiliates. Petitioners represent that the competitive market and the alternative regulation

[1]*Application of Bell Atlantic-Virginia, Inc., For exemptions under § 56-77(B) of the Code of Virginia*, Case No. PUA-1996-00044, *Petition of Central Telephone Company of Virginia, For exemption of affiliated interest filing requirements pursuant to § 56-77(B) of the Code of Virginia,* Case No. PUA-1996-00046, *Petition of United Telephone-Southeast, Inc., For exemption of affiliated interest filing requirements pursuant to § 56-77(B) of the Code of Virginia,* Case No. PUA-1996-00047, 1997 S.C.C. Ann. Rept.154, Final Order (Mar. 28, 1997).

pricing plan in effect for telephone companies along with the Commission's general oversight authority protect the public interest and, therefore, such annual reporting is unnecessary to protect the public interest. The Petitioners recognize that, should the Commission grant such exemption, there is still the fail-safe mechanism in that the Commission, by statute, specifically retains authority to revoke any exemption previously granted "if it finds that such action is in the public interest."[2]

NOW THE COMMISSION, upon consideration of the petition and representations of the Petitioners and having been advised by its Staff, is of the opinion and finds that the currently required Annual Report of Affiliate Transactions to be submitted by the Petitioners is no longer necessary to protect the public interest and that such exemption from submitting such reports is in the public interest and should be granted.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 B of the Code, the Petitioners are hereby granted an exemption from submitting to the Commission's Director of Public Utility Accounting the Annual Report of Affiliate Transactions previously imposed by the Commission pursuant to § 56-77 A of the Code.

(2) There appearing nothing further to be done in this matter, it is hereby dismissed.

[2] Section 56-77 B of the Code.

CASE NO. PUC-2010-00012
JUNE 7, 2010

JOINT PETITION OF
STARPOWER COMMUNICATIONS, LLC,
RCN NEW YORK COMMUNICATIONS, LLC,
NEON VIRGINIA CONNECT, LLC,
RCN CORPORATION,
RCN TELECOM SERVICES, INC.,
RCN TELECOM SERVICES, LLC,
RCN TELECOM SERVICES OF WASHINGTON, D.C., INC.,
YANKEE CABLE ACQUISITION, LLC,
YANKEE METRO PARENT, INC.,
and
ABRY PARTNERS VI, L.P.,
ABRY SENIOR EQUITY III, L.P.

For approval of a transfer of control pursuant to §§ 56-88.1 and 56-90 of the Code of Virginia

ORDER GRANTING APPROVAL

On March 19, 2010, Starpower Communications, LLC ("Starpower"), RCN New York Communications, LLC ("RCN NY"), NEON Virginia Connect, LLC ("NEON"), Yankee Cable Acquisition, LLC ("Yankee Cable"), and Yankee Metro Parent, Inc. (Yankee Metro") (collectively, the "Petitioners"), filed a petition with the State Corporation Commission ("Commission"), pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"), for approval of the transfer of control of Starpower, RCN NY, and NEON.

The Petitioners filed the petition with the Commission under seal, pursuant to 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure ("Rules") regarding confidential information, in order to obtain confidential treatment of Confidential Exhibit B of the petition ("Confidential Exhibit"), which contains audited financial statements of ABRY Partners VI, L.P.

On March 23, 2010, the Petitioners filed Confidential Exhibit G of the petition (collectively with the Confidential Exhibit filed on March 19, 2010, the "Confidential Exhibits")[1] with the Commission under seal, pursuant to 5 VAC 5-20-170 of the Commission's Rules regarding confidential information, in order to obtain confidential treatment of the Petitioners' projected pro forma financial statements. Rule 5 VAC 5-20-170 states, in part: "When an application (including supporting documents and prefiled testimony) contains information that the applicant claims to be confidential, the filing shall be made under seal and accompanied by a motion for protective order or other confidential treatment." Therefore, on April 6, 2010, the Petitioners filed with the Commission a Motion for Confidential Treatment ("Motion"), pursuant to 5 VAC 5-20-170 of the Commission's Rules, to obtain confidential treatment of the financial information contained in the Confidential Exhibits.

On April 6, 2010, the Petitioners also filed an Amendment to the petition ("Amendment") in which they requested that the petition be amended to include RCN Corporation, RCN Telecom Services, Inc. ("RCN Telecom"), ABRY Partners VI, L.P. ("ABRY Partners"), and ABRY Senior Equity III, L.P. ("ABRY Equity"), as Petitioners in this proceeding.[2] On April 9, 2010, Staff filed a Memorandum of Completeness, which deemed the petition complete as of April 6, 2010.

[1] The Petitioners state that the financial information contained in the Confidential Exhibits is extremely sensitive information that could be used by competitors to gain insight into the Petitioners' internal business operations and, therefore, disclosure of such information would be extremely detrimental and could materially and adversely affect the Petitioners' ability to compete effectively.

[2] RCN Corporation was added as a Petitioner in this proceeding because of its disposal of ultimate control of Starpower, RCN NY, and NEON as a result of the proposed transfer of control; RCN Telecom was added as a Petitioner in this proceeding because of its disposal of direct control of RCN NY as a result of the proposed transfer of control; and, ABRY Partners and ABRY Equity were added as Petitioners in this proceeding because of their acquisition of ultimate control of Starpower, RCN NY, and NEON as a result of the proposed transfer of control.

On April 27, 2010, the Petitioners filed a Response to a Staff data request ("Response") in which it was requested that the petition be further amended to also include RCN Telecom Services, LLC ("RCN Telecom-LLC"), and RCN Telecom Services of Washington, D.C., Inc. ("RCN DC"), as Petitioners in this proceeding.[3] Accordingly, Starpower, RCN NY, NEON, RCN Corporation, RCN Telecom, RCN Telecom-LLC, RCN DC, Yankee Cable, Yankee Metro, ABRY Partners, and ABRY Equity are referred to herein collectively as the "Joint Petitioners." The petition, the Confidential Exhibits, the Amendment, and the Response are referred to herein collectively as the "Joint Petition."

RCN Corporation is a publicly traded Delaware corporation with its principal business headquarters located in Herndon, Virginia. RCN Corporation is one of the largest facilities-based competitive providers of bundled phone, cable and high-speed Internet services delivered over its own fiber-optic local network to consumers in the most densely populated markets in the United States. RCN Corporation has subsidiaries authorized to provide telecommunications services in thirteen (13) states and the District of Columbia. In Virginia, RCN Corporation's operating subsidiaries are Starpower, RCN NY, and NEON.[4] Starpower, RCN NY, and NEON are collectively referred to as the "Virginia Subsidiaries."

Starpower, a Delaware limited liability company, is a direct wholly owned subsidiary of RCN DC, a corporation formed under the laws of the District of Columbia. RCN DC is directly owned by RCN Internet Services, Inc. ("RCN Internet"), a Delaware limited liability company, with 96.4% ownership, and RCN Telecom, a Pennsylvania corporation, with 3.6% ownership. Both RCN Internet and RCN Telecom are direct wholly owned subsidiaries of RCN Corporation; therefore, RCN DC and, thereby, Starpower are indirect subsidiaries of RCN Corporation. In Virginia, Starpower is certificated as a competitive local exchange carrier ("CLEC") to provide both local exchange and interexchange telecommunications services pursuant to its certificates of public convenience and necessity ("CPCNs"), Certificate Nos. T-407 and TT-47A, respectively, issued pursuant to the Commission's Final Order entered March 24, 1998, in Case No. PUC-1998-00004. Starpower currently provides telecommunications services to approximately 435 customers in Virginia.

RCN NY, a New York limited liability company, is a direct wholly owned subsidiary of RCN Telecom and, therefore, an indirect subsidiary of RCN Corporation. In Virginia, RCN NY is certificated as a CLEC to provide both local exchange and interexchange telecommunications services pursuant to its CPCNs, Certificate Nos. T-672 and TT-237A, respectively, issued pursuant to the Commission's Final Order entered November 13, 2007, in Case No. PUC-2007-00062. RCN NY does not currently provide telecommunications services to any customers in Virginia.

NEON, a Delaware limited liability company, is a wholly owned subsidiary of NEON Communications, Inc., which, in turn, is a wholly owned subsidiary of NEON Communications Group, Inc. ("NEON Group"), a publicly-traded Delaware corporation. NEON Group is a direct wholly owned subsidiary of RCN Corporation and, therefore, NEON is an indirect subsidiary of RCN Corporation. In Virginia, NEON is certificated as a CLEC to provide both local exchange and interexchange telecommunications services pursuant to its CPCNs, Certificate Nos. T-669 and TT-235A, respectively, issued pursuant to the Commission's Final Order entered August 3, 2007, in Case No. PUC-2007-00028. NEON does not currently provide telecommunications services to any customers in Virginia.

Yankee Cable, a Delaware limited liability company, is a direct wholly owned subsidiary of Yankee Cable Parent, LLC, which, in turn, is a direct wholly owned subsidiary of Yankee Cable Partners, LLC ("Yankee Cable Partners"), a Delaware limited liability company. Yankee Cable, therefore, is an indirect subsidiary of Yankee Cable Partners.

Yankee Metro, a Delaware corporation, is a direct wholly owned subsidiary of Yankee Metro Partners, LLC ("Yankee Metro Partners"), a Delaware limited liability company. The principal place of business for Yankee Cable, Yankee Metro, Yankee Cable Partners, and Yankee Metro Partners is in Boston, Massachusetts.

Yankee Cable Partners is majority-owned by ABRY Partners, a Delaware limited partnership. Yankee Metro Partners will be majority-owned by ABRY Partners and ABRY Equity, a Delaware limited partnership. ABRY Partners will hold all of the voting interests in Yankee Cable Partners and Yankee Metro Partners. Therefore, ABRY Partners will be the ultimate owner of Yankee Cable, and ABRY Partners and ABRY Equity will be the ultimate owners of Yankee Metro. ABRY Partners and ABRY Equity are private equity funds, which primarily make privately negotiated equity investments in the media, telecommunications, and information industries. ABRY Partners, ABRY Equity, and other commonly controlled funds, own cable, telecommunications, and interconnected VoIP providers in the United States and, therefore, are experienced investors in communications service providers. The principal place of business for ABRY Partners and ABRY Equity is in Boston, Massachusetts.

The Joint Petitioners request Commission approval to consummate a transaction whereby Yankee Cable will acquire control of Starpower, along with certain other operating subsidiaries of RCN Corporation, and Yankee Metro will acquire control of RCN NY and NEON (the "Proposed Transaction").[5] Pursuant to an Agreement and Plan of Merger ("Merger Agreement"), dated as of March 5, 2010, between Yankee Cable, Yankee Metro, Yankee Metro Merger Sub, Inc. ("Yankee Merger Sub"), and RCN Corporation, the Proposed Transaction will be accomplished through a series of steps, including various preliminary pro forma intra-corporate transactions that are being completed in order to allocate certain assets to appropriate RCN Corporation subsidiaries in a tax-efficient manner. One such preliminary intra-corporate transaction will result in Starpower becoming a direct subsidiary of RCN Telecom-LLC, a newly formed subsidiary of RCN Corporation, which will, as part of the Proposed Transaction, become a direct wholly owned subsidiary of Yankee Cable.

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[3] RCN Telecom-LLC was added as a Petitioner in this proceeding because of its acquisition of direct control of Starpower as a result of the proposed transfer of control, and RCN DC was added as a Petitioner in this proceeding because of its disposal of direct control of Starpower as a result of the proposed transfer of control.

[4] The Joint Petitioners note that in the past RCN Corporation also provided certain resold intrastate long distance services in Virginia through its subsidiary, RCN Telecom; however, the Joint Petitioners state that RCN Telecom no longer provides such services and has no customers in Virginia.

[5] Since RCN Telecom, RCN Telecom-LLC, and RCN DC do not currently provide, nor hold any CPCNs to provide, regulated telecommunications services in Virginia, the Joint Petitioners do not need Commission approval of the transfer of control of RCN Telecom, RCN Telecom-LLC, and RCN DC from RCN Corporation to Yankee Cable. As previously stated, RCN Telecom, RCN Telecom-LLC, and RCN DC were added as Petitioners in this proceeding because of their respective acquisition or disposal of direct control of the Virginia Subsidiaries as a result of the Proposed Transaction.

Following the completion of the preliminary intra-corporate reorganization, Yankee Cable will acquire control of Starpower by purchasing all of the ownership interests in RCN Telecom-LLC from RCN Corporation. As a result, Starpower will become an indirect subsidiary of Yankee Cable. In addition, Yankee Metro will become the owner of all of the stock of RCN Corporation through the merger of Yankee Merger Sub, a subsidiary of Yankee Metro created specifically for the purposes of the Proposed Transaction, with and into RCN Corporation, with RCN Corporation as the surviving corporation. As a result, RCN Corporation will become a direct wholly owned subsidiary of Yankee Metro and, therefore, RCN NY and NEON will become indirect subsidiaries of Yankee Metro.

Yankee Cable will ultimately be majority-owned by ABRY Partners, and Yankee Metro will ultimately be majority-owned by ABRY Partners and ABRY Equity. ABRY Partners will indirectly hold all of the voting interests in Yankee Cable and Yankee Metro. As a result, ABRY Partners will become the ultimate owner of Starpower, and ABRY Partners and ABRY Equity will collectively become the ultimate owners of RCN NY and NEON.

Accordingly, the Joint Petitioners request Commission approval of the following transfers of control that will occur as a result of the Proposed Transaction: (1) the preliminary intra-corporate transaction whereby direct control of Starpower will be transferred from RCN DC to RCN Telecom-LLC; (2) the subsequent transfer of control of Starpower to Yankee Cable through Yankee Cable's acquisition of direct control of RCN Telecom-LLC from RCN Corporation; and (3) the transfer of control of RCN NY and NEON to Yankee Metro through Yankee Metro's acquisition of direct control of RCN Corporation.

The Joint Petitioners state that the Proposed Transaction will allow the Virginia Subsidiaries to strengthen their ability to compete more effectively and to offer enhanced telecommunications services within Virginia to the ultimate benefit of Virginia consumers and the Commonwealth's telecommunications marketplace. Following the Proposed Transaction, RCN NY and NEON will have the financial support of Yankee Metro and its majority owners, ABRY Partners and ABRY Equity, and Starpower will have the financial support of Yankee Cable and its majority-owner, ABRY Partners. The Joint Petitioners further state that Yankee Cable intends to maintain the current management personnel of Starpower, and Yankee Metro intends to maintain the current management personnel of RCN NY and NEON immediately following the Proposed Transaction.

Upon completion of the Proposed Transaction, the Joint Petitioners represent that the Virginia Subsidiaries will continue to hold their CPCNs to provide local exchange and interexchange telecommunications services in Virginia and will continue to provide telecommunications services to customers in Virginia without interruption and without a change in the rates, terms and conditions under which they currently receive service. The Joint Petitioners emphasize that the Proposed Transaction will be seamless and virtually transparent to customers, and in no event will the Proposed Transaction result in the discontinuance, reduction, loss, or impairment of telecommunications services to customers in Virginia. There will be no change in the companies providing service, the management of the Virginia Subsidiaries, or the rates, terms, and conditions of service provided to customers in Virginia as a result of the Proposed Transaction.

NOW THE COMMISSION, upon consideration of the Joint Petition and representations of the Joint Petitioners and having been advised by its Staff, is of the opinion and finds that the Joint Petitioners' Motion, which requested confidential treatment of the Confidential Exhibits, should be granted. The Commission is also of the opinion and finds that the above-described Proposed Transaction, resulting in the transfer of control of Starpower, RCN NY, and NEON, will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

(1) The Joint Petitioners' Motion for Confidential Treatment is hereby granted, and we direct the Clerk of the Commission to retain the confidential information, to which the Motion pertains, under seal. Because no one has requested access to such confidential information, the Commission has not issued a protective order.

(2) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Joint Petitioners are hereby granted approval to consummate the Proposed Transaction to allow for the transfer of control of Starpower Communications, LLC, RCN New York Communications, LLC, and NEON Virginia Connect, LLC, as described herein.

(3) The Joint Petitioners shall file a report of the action taken pursuant to the approval granted herein within thirty (30) days of the Proposed Transaction taking place, subject to administrative extension by the Commission's Director of Public Utility Accounting. Such report shall include the date the Proposed Transaction took place.

(4) There appearing nothing further to be done in this matter, it hereby is dismissed.

CASE NO. PUC-2010-00019
SEPTEMBER 9, 2010

APPLICATION OF
VANCO DIRECT USA, LLC

To amend its certificate of public convenience and necessity to provide local exchange telecommunications services to reflect a new company name

ORDER

On March 10, 2006, Vanco Direct USA, LLC ("Vanco" or "Applicant") was issued a certificate of public convenience and necessity ("Certificate"), Certificate No. T-651, in Case No. PUC-2005-00165 to provide local exchange telecommunications services in Virginia. By letter application filed April 20, 2010, the Applicant requested that its Certificate be revised to reflect its new name, Global Capacity Direct, LLC.

The letter application included a copy of the Certificate of Amendment from the State of Delaware, a Virginia Amended Application for Registration as a Foreign Limited Liability Company, and Receipt by the State Corporation Commission ("Commission") accepting the name change.

Vanco, pursuant to the March 10, 2006 certification order, is required to have a bond on file with the Division of Economics and Finance. A revised bond reflecting the new company name has been provided to the Division of Economics and Finance.

NOW UPON CONSIDERATION of the matter, the Commission finds that the Certificate should be updated to reflect the Applicant's new name.

Accordingly, IT IS ORDERED THAT:

(1) This case is docketed and assigned Case No. PUC-2010-00019.

(2) Certificate No T-651 authorizing Vanco Direct USA, LLC to provide local exchange telecommunications services throughout the Commonwealth is hereby cancelled and shall be reissued as Amended Certificate No. T-651a in the name of Global Capacity Direct, LLC.

(3) The Applicant shall provide revised tariffs to the Division of Communications reflecting the new name, Global Capacity Direct, LLC, within forty-five (45) days of the issuance of this Order.

(4) There being nothing further to be done, this matter shall be dismissed from the Commission's docket of active cases and the papers filed herein placed in the Commission's file for ended causes.

CASE NO. PUC-2010-00020
JULY 1, 2010

JOINT PETITION OF
COMTEL VIRGINIA LLC,
MATRIX TELECOM OF VIRGINIA, INC.,
COMTEL TELCOM ASSETS LP,
THE PRESIDENT AND FELLOWS OF HARVARD COLLEGE,
and
PLATINUM EQUITY, LLC

For approval of the transfer of assets and customers from Comtel Virginia LLC to Matrix Telecom of Virginia, Inc., pursuant to §§ 56-88.1 and 56-90 of the Code of Virginia

ORDER GRANTING APPROVAL

On May 5, 2010, Comtel Virginia LLC ("Comtel-VA") and Matrix Telecom of Virginia, Inc. ("Matrix-VA") (collectively, the "Petitioners"), filed a Joint Petition with the State Corporation Commission ("Commission"), pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"), for approval of the transfer of assets and customers from Comtel-VA to Matrix-VA.

The Petitioners filed the Joint Petition with the Commission under seal, pursuant to 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure ("Rules") regarding confidential information, in order to obtain confidential treatment of: (1) Confidential Exhibit E of the Joint Petition, which contains a confidential, executed Asset Purchase Agreement between Matrix Telecom, Inc., and Comtel Telcom Assets LP; (2) Confidential Exhibit F of the Joint Petition, which contains confidential financial statements of Matrix Telecom, Inc.; and, (3) Confidential Exhibit G of the Joint Petition, which contains confidential financial statements of Comtel Telcom Assets LP. Confidential Exhibits E, F, and G are referred to herein collectively as the "Confidential Exhibits."[1] Rule 5 VAC 5-20-170 states, in part: "When an application (including supporting documents and prefiled testimony) contains information that the applicant claims to be confidential, the filing shall be made under seal and accompanied by a motion for protective order or other confidential treatment." Therefore, on May 6, 2010, the Petitioners filed with the Commission a Motion for Protective Order ("Motion"), pursuant to 5 VAC 5-20-170 of the Commission's Rules, to obtain confidential treatment of the information contained in the Confidential Exhibits.

On May 19, 2010, the Petitioners made a supplemental filing in which they added Comtel Telcom Assets LP ("Comtel"), the President and Fellows of Harvard College ("Harvard"), and Platinum Equity, LLC ("Platinum"), as Petitioners in this proceeding.[2] Accordingly, Comtel-VA, Matrix-VA, Comtel, Harvard, and Platinum are referred to herein collectively as the "Joint Petitioners." On June 7, 2010, Staff filed a Memorandum of Completeness, which deemed the Joint Petition complete as of May 19, 2010.

Comtel-VA is a limited liability company organized in the Commonwealth of Virginia, with its principal business headquarters located in Irving, Texas. Comtel-VA is a wholly owned subsidiary of Comtel, a limited partnership organized under the laws of the state of Texas. Comtel is majority owned by Comtel Assets Corp., which, in turn, is wholly owned by Denham Commodity Partners Fund III LP, a private equity fund. Comtel completed the

[1] The Petitioners state that the information contained in the Confidential Exhibits is extremely sensitive information that could be used by competitors to gain insight into the Petitioners' internal business operations and other information damaging to the Petitioners and, therefore, disclosure of such information would be extremely detrimental and could be used by the Petitioners' competitors to materially affect the Petitioners' ability to compete effectively.

[2] Comtel was added as a Petitioner in this proceeding because of its disposal of the direct ownership of the assets of Comtel-VA as a result of the proposed transaction; Harvard was added as a Petitioner in this proceeding because of its disposal of ultimate ownership of the assets of Comtel-VA as a result of the proposed transaction; and, Platinum was added as a Petitioner in this proceeding because of its acquisition of ultimate ownership of the assets of Comtel-VA as a result of the proposed transaction.

acquisition of substantially all of the assets of VarTec Telecom, Inc., and certain of its subsidiaries in June 2006 and continues to operate those assets.[3] Comtel provides intrastate, interstate, and international long-distance services throughout the continental United States and provides local exchange services in the District of Columbia and all states except Alaska, Connecticut, Hawaii, Virginia, and Rhode Island.

Comtel is authorized to provide interexchange telecommunications services in every state, and local exchange and exchange access telecommunications services in the District of Columbia and every state except Alaska, Hawaii, and Virginia. Comtel is also authorized by the Federal Communications Commission ("FCC") to provide interstate and international telecommunications services. In Virginia, Comtel-VA is certificated as a competitive local exchange carrier ("CLEC") to provide local exchange and exchange access telecommunications services pursuant to its certificate of public convenience and necessity ("CPCN"), Certificate No. T-653, issued pursuant to the Commission's Final Order entered April 10, 2006, in Case No. PUC-2005-00141. Comtel-VA currently provides telecommunications services in Virginia to approximately 340 residential local exchange customers; approximately 5,027 presubscribed residential long-distance customers; approximately 8,717 dial-around customers; and approximately 113 commercial customers.[4]

Matrix-VA is a Virginia corporation that is wholly owned by Matrix Telecom, Inc. ("Matrix"), a Texas corporation with its principal business headquarters located in Dallas, Texas. Established in 1991, Matrix is a competitive provider of integrated communications services, including local, long-distance, and toll-free voice services, plus a wide range of data services, such as dedicated Internet access, frame relay and point-to-point transmission services, mainly to enterprise customers. Matrix is authorized to provide telecommunications services in all fifty (50) states (except in Virginia where intrastate telecommunications services are provided by Matrix-VA) and the District of Columbia. Matrix is also authorized by the FCC to provide interstate and international long-distance services. In Virginia, Matrix-VA is certificated as a CLEC to provide local exchange telecommunications services pursuant to its CPCN, Certificate No. T-646, issued pursuant to the Commission's Final Order entered December 22, 2005, in Case No. PUC-2005-00088. Matrix-VA currently provides telecommunications services in Virginia to approximately 1,530 residential long-distance and local customers and approximately 265 local and long-distance business customers.[5]

The Joint Petitioners request Commission approval to consummate a transaction whereby Comtel-VA will transfer substantially all of its assets and customers to Matrix-VA (the "Proposed Transaction"). Pursuant to an Asset Purchase Agreement ("Agreement") dated as of March 13, 2010, between Matrix and Comtel, Matrix and Matrix-VA will acquire certain assets of Comtel and Comtel-VA, including Comtel-VA's customer bases and substantially all of the assets used in Comtel's provision of telecommunications services.[6] As a result of the Proposed Transaction, Matrix-VA will replace Comtel-VA as the service provider in Virginia.

The Joint Petitioners state that the Proposed Transaction will serve the public interest by ensuring that the assigned customers enjoy continuity of high-quality telecommunications service. In particular, the assignment of Comtel-VA's customers to Matrix-VA, together with the transfer of other assets required to serve those customers, will ensure that the customers continue to receive uninterrupted interstate and international telecommunications services following the completion of the Proposed Transaction. Furthermore, because Matrix-VA is acquiring substantially all of the assets of Comtel-VA, through Matrix's acquisition of substantially all of the assets of Comtel, necessary to provide service to the transferred customers, Matrix-VA and Matrix will have all of the assets required to continue to provide telecommunications services to the customers it acquires. The Joint Petitioners state that Matrix-VA is well qualified to provide service to Comtel-VA's customers because Matrix-VA currently provides local and long-distance telecommunications services in Virginia, while its parent, Matrix, provides such services in all other states except Alaska, and in the District of Columbia. The Joint Petitioners represent that, upon completion of the Proposed Transaction, Matrix-VA's operations will continue to be overseen by a well-qualified management team with substantial telecommunications experience and technical expertise.

The Joint Petitioners emphasize that, although the Proposed Transaction will involve a transfer of assets and customers from Comtel-VA to Matrix-VA, immediately following the Proposed Transaction, all of the affected customers will continue to receive telecommunications service from Matrix-VA under the same rates, terms, and conditions as currently provided. As a result, the Proposed Transaction will be almost seamless and virtually transparent to customers served by Comtel-VA in terms of the telecommunications services that they currently receive.

NOW THE COMMISSION, upon consideration of the Joint Petition and representations of the Joint Petitioners and having been advised by its Staff, is of the opinion and finds that the Joint Petitioners' Motion is no longer necessary and should, therefore, be denied.[7] The Commission is further of the opinion and finds that the above-described Proposed Transaction, resulting in the transfer of assets and customers from Comtel-VA to Matrix-VA, will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

(1) The Joint Petitioners' Motion for Protective Order is hereby denied; however, we direct the Clerk of the Commission to retain the confidential information, to which the Motion pertains, under seal.

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[3] *See Joint Application of Comtel Telcom Assets LP and Comtel Virginia LLC, and VarTec Telecom, Inc., VarTec Telecom of Virginia, Inc., Excel Telecommunications, Inc., Excel Telecommunications of Virginia, Inc., and VarTec Solutions, Inc., For approval of transfer of assets and control,* Case No. PUC-2005-00143, 2005 S.C.C. Ann. Rept. 297-298, Order Granting Approval (Dec. 14, 2005). In Virginia, Comtel-VA operates using the d/b/a's of Excel Telecommunications of Virginia, Inc., and VarTec Telecom of Virginia, Inc.

[4] The Joint Petitioners state that Comtel-VA also provides interexchange telecommunications services in Virginia, but only on a resale basis.

[5] The Joint Petitioners state that Matrix-VA also provides interexchange telecommunications services in Virginia, but only on a resale basis.

[6] The Joint Petitioners state that neither Comtel nor Comtel-VA has any assets in Virginia that are used to provide telecommunications services.

[7] The Commission held the Joint 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 Joint Petitioners in this proceeding. Accordingly, we deny the Motion as moot but direct the Clerk of the Commission to retain such information under seal.

(2) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Joint Petitioners are hereby granted approval to consummate the Proposed Transaction to allow for the transfer of assets and customers from Comtel Virginia LLC to Matrix Telecom of Virginia, Inc., as described herein.

(3) The Joint Petitioners shall file a report of the action taken pursuant to the approval granted herein within thirty (30) days of the Proposed Transaction taking place, subject to administrative extension by the Commission's Director of Public Utility Accounting. Such report shall include the date the Proposed Transaction took place.

(4) Upon completion of the Proposed Transaction, the Joint Petitioners shall file a letter with the Clerk of the Commission, with a copy provided to the Division of Communications, requesting that the current certificate of public convenience and necessity issued to Comtel Virginia LLC be canceled.

(5) There appearing nothing further to be done in this matter, it hereby is dismissed.

CASE NO. PUC-2010-00021
AUGUST 3, 2010

JOINT PETITION OF
DSLNET COMMUNICATIONS VA, INC.,
MEGAPATH INC.,
CCGI HOLDINGS, LLC,
CCGI HOLDING CORPORATION,
COVAD COMMUNICATIONS GROUP, INC.,
DIECA COMMUNICATIONS, INC.,
and
PLATINUM EQUITY, LLC

For approval of the indirect transfer of control of DSLnet Communications VA, Inc., and DIECA Communications, Inc., pursuant to §§ 56-88.1 and 56-90 of the Code of Virginia.

ORDER GRANTING APPROVAL

On May 7, 2010, DSLnet Communications VA, Inc. ("DSLnet-VA"), MegaPath Inc. ("MegaPath"), CCGI Holding Corporation ("CCGI"), Covad Communications Group, Inc. ("Covad"), and DIECA Communications, Inc. ("DIECA") (collectively, the "Petitioners"), filed a Joint Petition and Request for Streamlined Review ("Petition") with the State Corporation Commission ("Commission"), pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"), for approval of the indirect transfer of control of DSLnet-VA and DIECA. The Petitioners also filed a Joint Application with the Federal Communications Commission ("FCC") under the FCC's Streamlined Review process, and it was accepted as such on June 28, 2010.

The Petitioners filed the Petition with the Commission under seal, pursuant to 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure ("Rules") regarding confidential information, in order to obtain confidential treatment of (1) Confidential Exhibit C of the Petition, which contains a confidential, finalized Agreement and Plan of Merger between CCGI and MegaPath, and (2) Confidential Exhibit D of the Petition, which contains confidential financial statements of CCGI. Confidential Exhibits C and D are referred to herein collectively as the "Confidential Exhibits."[1] Rule 5 VAC 5-20-170 states, in part: "When an application (including supporting documents and prefiled testimony) contains information that the applicant claims to be confidential, the filing shall be made under seal and accompanied by a motion for protective order or other confidential treatment." Therefore, on May 10, 2010, the Petitioners filed with the Commission a Motion for Protective Order ("Motion"), pursuant to 5 VAC 5-20-170 of the Commission's Rules, to obtain confidential treatment of the information contained in the Confidential Exhibits.

On May 18, 2010, the Petitioners made a supplemental filing in which they added Platinum Equity, LLC ("Platinum"), as a Petitioner in this proceeding.[2] On May 27, 2010, Staff filed a Memorandum of Completeness, which deemed the Petition complete as of May 18, 2010, and on July 1, 2010, the Petition was accepted under the Commission's Streamlined Review process.

On July 2, 2010, the Petitioners filed a Response to Commission Inquiry that contained information which the Petitioners claimed to be confidential trade secret, privileged, confidential commercial information concerning the number of DIECA customers in Virginia, filed as Confidential Attachment A ("Confidential Attachment"),[3] which was filed with the Commission under seal, pursuant to 5 VAC 5-20-170 of the Commission's Rules. Therefore, on July 2, 2010, the Petitioners also filed with the Commission, concurrently with the Confidential Attachment, a second Motion for Protective Order (collectively with the Motion filed May 10, 2010, "Motions"), pursuant to 5 VAC 5-20-170 of the Commission's Rules, to obtain confidential treatment of the information contained in the Confidential Attachment.

[1] The Confidential Exhibits were filed with the Commission under seal, pursuant to 5 VAC 5-20-170 of the Commission's Rules, under separate cover on May 10, 2010. The Petitioners state that the information contained in the Confidential Exhibits is extremely sensitive information that could be used by competitors to gain insight into the Petitioners' internal business operations and other information damaging to the Petitioners and, therefore, disclosure of such information would be extremely detrimental and could be used by the Petitioners' competitors to materially affect the Petitioners' ability to compete effectively.

[2] Platinum was added as a Petitioner in this proceeding because of its acquisition of ultimate ownership of DSLnet-VA as a result of the proposed transaction.

[3] The Joint Petitioners state that the information contained in the Confidential Attachment is extremely sensitive information that could be used by competitors to gain insight into the Joint Petitioners' internal business operations and other information damaging to the Joint Petitioners and, therefore, disclosure of such information would be extremely detrimental and could be used by the Joint Petitioners' competitors to materially affect the Joint Petitioners' ability to compete effectively.

On July 21, 2010, the Petitioners filed with the Commission a Motion to Amend Joint Application ("Amending Motion"), pursuant to 5 VAC 5-20-110 and 130 of the Commission's Rules, in which they requested that the Petition be amended ("Amended Petition") to include CCGI Holdings, LLC ("New Holdco"), as a Petitioner in this proceeding. The Amended Petition will be considered, for statutory purposes, as being filed on July 21, 2010. Accordingly, DSLnet-VA, MegaPath, New Holdco, CCGI, Covad, DIECA, and Platinum are referred to herein collectively as the "Joint Petitioners," and the Petition and the Amended Petition are referred to herein collectively as the "Joint Petition."

MegaPath, a Delaware corporation with its principal business headquarters located in Costa Mesa, California, is the parent company of DSLnet-VA and DSLnet Communications, LLC. MegaPath does not currently offer any regulated telecommunications services and, therefore, does not hold any telecommunications authorizations from the FCC or any state regulatory authority.

DSLnet-VA is a Virginia corporation with its principal business headquarters located in Wallingford, Connecticut. DSLnet-VA is an affiliate of DSLnet Communications, LLC, which is authorized to provide intrastate telecommunications services in forty-seven (47) states and the District of Columbia. In Virginia, DSLnet-VA is certificated as a competitive local exchange carrier ("CLEC") to provide both local exchange and interexchange telecommunications services pursuant to its certificates of public convenience and necessity ("CPCNs"), Certificate Nos. T-450 and TT-71A, respectively, issued pursuant to the Commission's Final Order entered July 28, 1999, in Case No. PUC-1999-00028. DSLnet-VA provides telecommunications services to approximately seventeen (17) customers in Virginia with approximately 690 lines in service.[4] Currently, DSLnet-VA only provides high-speed Internet access.

CCGI is a Delaware corporation with its principal business headquarters located in Beverly Hills, California. CCGI is the parent company of Covad, a Delaware corporation that owns Covad Communications Company, a California corporation, and DIECA d/b/a Covad Communications Company, a Virginia public service corporation. Covad provides a variety of integrated voice and data communications services and is authorized by the FCC to provide international and domestic interstate telecommunications services as a non-dominant carrier. In Virginia, DIECA is certificated as a CLEC to provide both local exchange and interexchange telecommunications services pursuant to its CPCNs, Certificate Nos. T-410 and TT-50A, respectively, issued pursuant to the Commission's Final Order entered May 5, 1998, in Case No. PUC-1997-00177.[5] The lines DIECA serves in Virginia include DS1 loops, standalone xDSL loops, voice-optimized loops, and shared data loops. For the most part, DIECA's DS1, standalone xDSL, and voice-optimized loops, serve business customers and its shared loops provide data services to residential customers receiving voice services from another carrier.

CCGI is ultimately controlled by Platinum, a privately held Delaware limited liability company with its principal business headquarters located in Beverly Hills, California. Platinum is a global firm specializing in the merger, acquisition, and operation of companies that provide services and solutions to customers in a broad range of business markets, including information technology, telecommunications, logistics, manufacturing, and entertainment distribution. Neither CCGI nor Platinum offer any regulated telecommunications services.

New Holdco is a Delaware limited liability company with its principal business headquarters located in Beverly Hills, California. New Holdco is a newly created holding company that does not offer any regulated telecommunications services. New Holdco is ultimately controlled by Platinum.

The Joint Petitioners request Commission approval to consummate a transaction whereby CCGI and, ultimately, Platinum will acquire indirect control of DSLnet-VA; and, as a part of this transaction, MegaPath will acquire indirect control of DIECA (the "Proposed Transaction"). Pursuant to an Agreement and Plan of Merger ("Agreement") dated as of March 26, 2010, between CCGI and MegaPath, TMAC Merger Corporation, a subsidiary of CCGI created specifically for this transaction, will merge with and into MegaPath, with MegaPath as the surviving entity. As a result, MegaPath will become a wholly owned direct subsidiary of CCGI and, therefore, CCGI will acquire indirect control of DSLnet-VA.

Furthermore, as a part of this transaction, MegaPath's current shareholders will, collectively, acquire approximately thirty percent (30%) of the stock of CCGI, the parent company of Covad and the ultimate parent company of DIECA. The Joint Petitioners state that, individually, no MegaPath shareholder is expected to acquire more than ten percent (10%) of the stock of CCGI. Accordingly, the Joint Petitioners also request approval of the indirect minority transfer of ownership of Covad and, therefore, DIECA, to MegaPath as a result of the Proposed Transaction.

Finally, as part of the ultimate post-closing corporate structure of Platinum, the Joint Petitioners intend to insert New Holdco above CCGI in the corporate ownership chain after the completion of the Proposed Transaction and, as a result, New Holdco will acquire approximately seventy percent (70%) of CCGI. Therefore, New Holdco will become a direct subsidiary of Platinum, and CCGI will become a direct subsidiary of New Holdco. The Joint Petitioners emphasize that the insertion of New Holdco into the corporate ownership chain is being undertaken only for internal business reasons and will not affect the ultimate ownership of either DSLnet-VA or DIECA. Accordingly, the Joint Petitioners also request approval of a change in corporate structure whereby New Holdco will be inserted into the corporate ownership chain above CCGI, which will indirectly wholly own DSLnet-VA and DIECA upon completion of the Proposed Transaction.

Upon completion of the Proposed Transaction, the Joint Petitioners state that both DSLnet-VA's and DIECA's customers will continue to receive telecommunications services under the same rates, terms and conditions of service as currently provided. The Proposed Transaction will not involve a change in DSLnet-VA's operating authority in Virginia and DSLnet-VA's tariffs will remain in effect. Further, the Proposed Transaction will not affect the day-to-day operations or management of Covad and, thereby, DIECA, and will otherwise be transparent to Covad's and DIECA's customers.

NOW THE COMMISSION, upon consideration of the Joint Petition and representations of the Joint Petitioners and having been advised by its Staff, is of the opinion and finds that the Joint Petitioners' Motions for Protective Orders for the Confidential Exhibits filed on May 10, 2010, and for the

[4] In DSLnet-VA's previous case before the Commission, Case No. PUC-2009-00065, it was stated that DSLnet-VA provided service to 645 customers in Virginia; however, Staff has since been advised that that statement also included DSLnet-VA's wholesale customers in Virginia. *See Joint Application of DSLnet Communications VA, Inc., DSL.net, Inc., and MegaPath Inc., For approval of the transfer of direct control of DSLnet Communications VA, Inc., to MegaPath Inc., pursuant to the Utility Transfers Act, Chapter 5 of Title 56, Va. Code §§56-88 et seq.*, Case No. PUC-2009-00065.

[5] Although DIECA Communications, Inc., is the entity certificated to provide telecommunications services in Virginia, it currently provides service to its customers in Virginia under the name of Covad Communications Company.

Confidential Attachment, filed on July 2, 2010, are no longer necessary and should, therefore, be denied.[6] The Commission is further of the opinion and finds that the Joint Petitioners' Amending Motion, which included New Holdco as a Petitioner in this proceeding, should be granted. Finally, the Commission is of the opinion and finds that the above-described Proposed Transaction, resulting in the indirect transfer of control of DSLnet-VA and DIECA, will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

(1) The Joint Petitioners' Motions for Protective Orders filed on May 10, 2010, and July 2, 2010, are hereby denied; however, we direct the Clerk of the Commission to retain the confidential information, to which the Motions pertain, under seal.

(2) The Joint Petitioners' Amending Motion, which included CCGI Holdings, LLC, as a Petitioner in this proceeding, is hereby granted.

(3) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Joint Petitioners are hereby granted approval to consummate the Proposed Transaction to allow for the indirect transfer of control of DSLnet Communications VA, Inc., and DIECA Communications, Inc., as described herein.

(4) The Joint Petitioners shall file a report of the action taken pursuant to the approval granted herein within thirty (30) days of the Proposed Transaction taking place, subject to administrative extension by the Commission's Director of Public Utility Accounting. Such report shall include the date the Proposed Transaction took place.

(5) There appearing nothing further to be done in this matter, it hereby is dismissed.

[6] The Commission held the Joint Petitioners' Motions for the Confidential Exhibits and the Confidential Attachment in abeyance. We note that the Commission has received no request for leave to review the confidential information filed by the Joint Petitioners on May 10, 2010, or on July 2, 2010, in this proceeding. Accordingly, we deny the Motions as moot but direct the Clerk of the Commission to retain the confidential information, to which the Motions pertain, under seal.

CASE NO. PUC-2010-00022
SEPTEMBER 10, 2010

APPLICATION OF
PEERLESS NETWORK OF VIRGINIA, LLC

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

FINAL ORDER

On May 24, 2010, Peerless Network of Virginia, LLC ("Peerless" 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. The Applicant also requested authority to price its interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia.

By Order for Notice and Comment dated June 14, 2010, the Commission directed the Applicant to provide notice to the public of its application and directed the Commission Staff ("Staff") to conduct an investigation and file a Staff Report. The Applicant filed proof of service on July 2, 2010, and proof of publication on July 12 and 29, 2010, as required by the June 14, 2010 Order for Notice and Comment.

On August 13, 2010, the Staff filed its Report finding that Peerless' 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 Peerless' application, the Staff determined it would be appropriate to grant the Applicant certificates to provide local exchange and interexchange telecommunications services subject to the following condition: Peerless should notify the Division of Economics and Finance no less than thirty (30) days prior to the cancellation or lapse of its bond and should provide a replacement bond at that time. This requirement should be maintained until such time as the Commission determines it is no longer necessary.

NOW THE COMMISSION, having considered the application and the Staff Report, finds that the Applicant should be granted certificates to provide local exchange and interexchange telecommunications services. Having considered § 56-481.1 of the Code of Virginia, the Commission further finds that the Applicant may price its interexchange telecommunications services competitively.

Accordingly, IT IS ORDERED THAT:

(1) Peerless Network of Virginia, LLC, is hereby granted a certificate of public convenience and necessity, No. TT-254A, to provide interexchange telecommunications services subject to the restrictions set forth in the Rules Governing the Certification of Interexchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(2) Peerless Network of Virginia, LLC, is hereby granted a certificate of public convenience and necessity, No. T-700, to provide local exchange telecommunications services subject to the restrictions set forth in the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(3) Pursuant to § 56-481.1 of the Code of Virginia, the Applicant may price its interexchange telecommunications services competitively.

(4) The Applicant shall provide tariffs to the Division of Communications that conform to all applicable Commission rules and regulations.

(5) Peerless Network of Virginia, LLC, shall notify the Division of Economics and Finance no less than thirty (30) days prior to the cancellation or lapse of its bond and shall provide a replacement bond at that time. This requirement shall be maintained until such time as the Commission determines it is no longer necessary.

(6) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the file for ended causes.

CASE NO. PUC-2010-00023
SEPTEMBER 24, 2010

JOINT PETITION OF
QWEST COMMUNICATIONS INTERNATIONAL, INC.;
QWEST COMMUNICATIONS CORPORATION OF VIRGINIA, INC.;
CENTRAL TELEPHONE COMPANY OF VIRGINIA D/B/A CENTURYLINK;
UNITED TELEPHONE SOUTHEAST LLC D/B/A CENTURYLINK;
CENTURYTEL LONG DISTANCE, LLC D/B/A CENTURYLINK;
and
CENTURYLINK, INC.

For approval of the indirect transfer of control of Qwest Communications Corporation of Virginia, Inc.; Central Telephone Company of Virginia d/b/a CenturyLink; United Telephone Southeast LLC d/b/a CenturyLink; and CenturyTel Long Distance, LLC d/b/a CenturyLink

ORDER GRANTING APPROVAL

On May 25, 2010, pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code"), [1] Qwest Communications International, Inc. ("Qwest"); Qwest Communications Corporation of Virginia, Inc. ("Qwest Virginia"); CenturyLink, Inc. ("CenturyLink"); Central Telephone Company of Virginia d/b/a Century Link ("Centel Virginia"); United Telephone Southeast LLC d/b/a Century Link ("United Southeast"); and CenturyTel Long Distance, LLC d/b/a Century Link ("CenturyTel Long Distance") (collectively, "Petitioners" or "Joint Petitioners"), filed a Joint Petition with the State Corporation Commission ("Commission") seeking approval of the indirect transfer of control of Qwest Virginia, Centel Virginia, United Southeast, and CenturyTel Long Distance.

In the Joint Petition, the Petitioners state that Qwest, CenturyLink, and SB44 Acquisition Company[2] entered into an Agreement and Plan of Merger ("Agreement") on April 21, 2010. Under the terms of the Agreement, after the merger has been effectuated, Qwest would become a wholly owned, first tier subsidiary of CenturyLink (hereinafter, "proposed transaction" or "proposed merger").[3] Approval of the proposed merger would result in the indirect transfer of control of Qwest Virginia, an operating subsidiary of Qwest, and United Southeast, Centel Virginia, and CenturyTel Long Distance,[4] wholly owned Virginia operating subsidiaries of CenturyLink.

The proposed transaction is a combination of Qwest and CenturyLink only and, therefore, it is not a transaction in which operating companies or assets would be sold, combined, or transferred to a new provider. Moreover, this proposed transaction would require no new debt or refinancing, but instead would be a tax-free, stock-for-stock transaction. Upon closing, the shareholders of pre-merger CenturyLink would own about 50.5% of post-merger CenturyLink and the shareholders of pre-merger Qwest would own approximately 49.5% of post-merger CenturyLink.[5] Qwest Virginia, United Southeast, Centel Virginia, and CenturyTel Long Distance would continue to operate as separate certificated carriers, and their customers would continue to receive service from the same carrier, at the same rates, terms and conditions, and under the same tariffs, price plans, interconnection agreements, and other regulatory obligations.

On June 21, 2010, the Commission issued an Order for Notice and Comment ("Notice Order"), which established a procedural schedule for the Joint Petition and extended the time for the Commission to review the Joint Petition an additional ninety (90) days pursuant to § 56-88.1 of the Code. The Notice Order required the Joint Petitioners to publish notice of the Joint Petition; provided interested parties with an opportunity to submit comments, notices of participation, or hearing requests; directed the Commission Staff ("Staff") to file a Staff Report ("Report") on the Joint Petition; and gave the Joint Petitioners the opportunity to file a response to the Staff Report, as well as to any comments or requests for hearing. No comments, notices of participation, or requests for hearing were filed in this proceeding.

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[1] Va. Code §§ 56-88 *et seq.* (the "Transfers Act").

[2] SB44 Acquisition Company is a direct, wholly owned subsidiary of CenturyLink that was created to effectuate the proposed Agreement and Plan of Merger.

[3] Joint Petition at 3-4. Under the terms of the Agreement, SB44 Acquisition Company and Qwest will merge, after which Qwest will be the surviving entity, and the separate corporate existence of SB44 Acquisition Company will cease.

[4] CenturyTel Long Distance is not currently certificated in the Commonwealth to provide facilities-based and resold competitive local exchange and interexchange services in Virginia. However, CenturyTel Long Distance was included in the Joint Petition because it might have become certificated during the time the Joint Petition was pending before the Commission. CenturyTel Long Distance anticipates filing an application for certification to provide facilities-based and resold competitive local exchange and interexchange services in the Commonwealth of Virginia in the near future. *Id.* at 7. However, as of the date of this Order, an application has not been filed.

[5] *Id*. at 4-5.

On September 3, 2010, the Staff filed its Report on the Joint Petition. In its Report, the Staff reviewed the terms and the financial ramifications of the proposed transaction, the potential impact on competition from the proposed transaction, and the implications for the continued regulation of Centel Virginia, United Southeast, and Qwest Virginia, as well as the potential impact on service quality in Virginia. The Staff concluded that the proposed transaction will not impair or jeopardize the provision of adequate service to the public at just and reasonable rates. Staff recommended that the Commission approve the proposed transaction subject to two conditions. First, Staff recommended that a report of action be filed within thirty (30) days of the closing of the proposed transaction. Such a report should include the date the proposed transaction took place. Staff also recommended that merger costs and savings be tracked for Centel Virginia and United Southeast for a minimum of three (3) years. This information need not be filed with the Commission, but should be available upon request in an appropriate proceeding.

On September 13, 2010, the Joint Petitioners filed a response to the Staff Report. The Joint Petitioners stated that they did not object to Staff's recommended requirement regarding tracking merger costs and savings for Centel Virginia and United Southeast. In addition, the Joint Petitioners requested expeditious approval of the Joint Petition in light of the Staff Report.

NOW THE COMMISSION, having considered the record, the pleadings, and the applicable law, is of the opinion and finds that the Joint Petition is approved subject to the requirements ordered herein.

Transfers Act

Petitioners requested approval of the proposed merger under the Transfers Act. The General Assembly has set forth the criteria that the Commission must apply in evaluating the Joint Petition under the Transfers Act. Specifically, § 56-90 of the Code states:

> [i]f and when the Commission, with or without hearing, shall be satisfied that adequate service to the public at just and reasonable rates will not be impaired or jeopardized by granting the prayer of the petition, the Commission shall make such order in the premises as it may deem proper and the circumstances require, and thereupon it shall be lawful to do the things provided for in such order . . . .

We must evaluate the Joint Petition, the support therefor, any objections thereto, and the requirements proposed by others according to this statutory criteria. Based on the evidence presented in this case, the Commission finds that adequate service to the public at just and reasonable rates will not be impaired or jeopardized by granting the Joint Petition subject to the requirements ordered herein, which we deem proper and that we find the circumstances require.

Staff proposes that the Commission condition approval of the proposed merger upon the Petitioners being required to: (1) within thirty (30) days of completing the proposed transaction, file a report of action with the Commission, including the date the proposed transaction took place; and (2) track the merger costs and savings for Centel Virginia and United Southeast for a minimum of three (3) years in the event they are involved in a proceeding before the Commission where such information would be needed. We agree with Staff that these conditions are reasonable and necessary to ensure that adequate service to the public at just and reasonable rates will not be impaired or jeopardized, as required under the Transfers Act.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Joint Petition is granted subject to the requirements established in this Order Granting Approval.

(2) Within thirty (30) days of completing the proposed merger, subject to administrative extension by the Commission's Director of Public Utility Accounting, the Joint Petitioners shall file a report of action with the Commission. The report shall include the date the proposed transaction took place.

(3) Joint Petitioners shall be required to track the merger costs and savings for Centel Virginia and United Southeast for a minimum of three (3) years. This information need not be filed with the Commission, but shall be made available upon request by the Commission or its Staff.

(4) The remedies for violation of any of the Commission's findings herein include the penalties set forth in § 12.1-13 of the Code.

(5) This matter is dismissed.

CASE NO. PUC-2010-00027
NOVEMBER 15, 2010

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
NORTH COAST PAYPHONES, INC.,
Defendant

ORDER

On July 23, 2010, the State Corporation Commission ("Commission") issued its Rule to Show Cause ("Rule") against North Coast Payphones, Inc. ("Defendant"). The Rule appointed a Hearing Examiner to conduct all further proceedings and scheduled a hearing for September 30, 2010, at which the Defendant was required to appear and show cause why penalties should not be imposed for alleged violations of the Pay Telephone Registration Act, § 56-508.15 *et seq*. of the Code of Virginia ("Act"), and the Rules for Payphone Service and Instruments, 20 VAC 5-407-10 *et seq.*, promulgated pursuant to the Act.

By Hearing Examiner's Ruling entered on September 27, 2010, the September 30, 2010 hearing on the Rule was canceled and scheduled for October 6, 2010.

The hearing was convened as scheduled. Counsel for the Staff presented the testimony of Jimmy R. Mullenaux, Telecommunications Specialist with the Commission's Division of Communications, which described his efforts to have the Defendant renew the registration for its Virginia payphones for the year 2010 pursuant to 20 VAC 5-407-40 of the Rules for Payphone Service and Instruments ("Rules"). The Defendant, having been furnished proper notice, failed to appear.

The Report of Howard P. Anderson, Jr., Hearing Examiner, was issued at the conclusion of the hearing. In that Report, the Hearing Examiner found the Defendant to be in violation of the Rules and recommended a fine in the amount of $650. He further found and recommended that the Division of Communications direct the local service providers to disconnect service to the Defendant's payphones. The Report recommended that the Commission enter an order adopting the findings of the Report and dismissing this case from the Commission's docket of active cases.

NOW THE COMMISSION, having considered the Hearing Examiner's Report, is of the opinion and finds that the recommendations of the Hearing Examiner should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The findings of the Hearing Examiner's Report of October 6, 2010, are adopted.

(2) The Defendant is hereby fined $650 for violating the registration requirements of 20 VAC 5-407-40 E of the Rules.

(3) The Defendant also owes registration and late fees for the year 2010 in the amount of $102, pursuant to 20 VAC 5-407-40 C of the Rules. Defendant's total indebtedness to the Commonwealth is $752.

(4) The Division of Communications shall direct the local service providers to disconnect service to the Defendant's payphones.

(5) This matter is dismissed and the papers herein are passed to the file for ended causes.

CASE NO. PUC-2010-00030
JULY 2, 2010

APPLICATION OF
ZAYO BANDWIDTH NORTHEAST, LLC,
ZAYO BANDWIDTH NORTHEAST SUB, LLC.,
and
ZAYO BANDWIDTH CENTRAL (VIRGINIA), LLC

For cancellation of existing certificates of public convenience and necessity and tariffs to provide local exchange and interexchange telecommunications services

ORDER CANCELLING TARIFFS AND CERTIFICATES

On June 18, 2010, Zayo Bandwidth, LLC (""ZB""), as the successor in interest to Zayo Bandwidth Northeast, LLC (""Zayo-NE""), Zayo Bandwidth Northeast Sub, LLC (""Zayo-NE Sub""), and Zayo Bandwidth Central (Virginia), LLC (""Zayo-VA"" and together with Zayo-NE and Zayo-NE Sub, ""ZB Subs"") filed a Letter Application with the State Corporation Commission (""Commission"") requesting cancellation of ZB Subs' certificates of public convenience and necessity and tariffs to provide local exchange and interexchange telecommunications services.

On October 15, 2007, in Case No. PUC-2007-00074, the Commission granted Certificate No. TT-193B to Zayo-NE Sub and Certificate No. TT-197B to Zayo-NE. On June 19, 2008, in Case No. PUC-2008-00032, the Commission granted Certificate No. T-621a for local exchange telecommunication services and Certificate No. TT-200B for interexchange telecommunications services to Zayo-VA.

In Case No. PUC-2009-00066, ZB Subs and ZB jointly petitioned the Commission for approval of pro forma intra-corporate mergers pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia. On February 16, 2010, the Commission entered an order granting approval for the pro-forma intra-corporate mergers of ZB Subs into ZB, with ZB surviving, conditioned upon ZB obtaining the certificates of public convenience and necessity applied for in case PUC-2009-00067.[1] On April 21, 2010, in Case No. PUC-2009-00067, the Commission granted ZB's application for certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services and issued Certificate Nos. T-696 and TT-252A, respectively.

In its Letter Application, ZB states that since ZB Subs no longer exist and ZB provides services to ZB Subs' former customers, ZB Subs certificates should be canceled. Because ZB Subs' have no customers, neither ZB Subs or ZB will file any customer notifications otherwise required by 20 VAC 5-423-20(B) and (C).

NOW THE COMMISSION, having considered the pleading and applicable law, is of the opinion and finds ZB Subs' Letter Application to cancel its certificates of public convenience and necessity and tariffs should be granted.

[1] *Joint Petition of Zayo Bandwidth Northeast, LLC, Zayo Bandwidth Northeast Sub, LLC, Zayo Bandwidth Central, LLC, Zayo Bandwidth Central (Virginia), LLC, and Zayo Bandwidth, LLC, For approval of pro forma intra-corporate mergers, pursuant to the Utilities Transfers Act, Chapter 5 of Title 56, Va. Code §§ 56-88, et seq.*, Case No. PUC-2009-00066, Final Order (February 16, 2010).

Accordingly, IT IS ORDERED THAT:

(1) This matter is hereby docketed and assigned Case No. PUC-2010-00030.

(2) ZB Subs' request to cancel all tariffs on file with the Division of Communications is hereby granted.

(3) Certificate of public convenience and necessity, Nos. TT-193B, TT-197B, and TT-200B issued to Zayo Bandwidth Northeast Sub, LLC, Zayo Bandwidth Northeast, LLC, and Zayo Bandwidth Central (Virginia), LLC, respectively, to provide interexchange telecommunications services throughout the Commonwealth shall be cancelled. Certificate of public convenience and necessity, No. T-621a, issued to Zayo Bandwidth Central (Virginia), LLC, to provide local exchange telecommunications services throughout the Commonwealth shall be cancelled.

(4) There being nothing further to be done in this matter, this case shall be removed from the Commission's docket of active proceedings and the papers filed herein placed in the Commission's file for ended causes.

CASE NO. PUC-2010-00031
OCTOBER 12, 2010

APPLICATION OF
NEWPATH NETWORKS, LLC

For certificates of public convenience and necessity to provide local exchange and interexchange services in the Commonwealth of Virginia

FINAL ORDER

On June 18, 2010, NewPath Networks, LLC ("NewPath" 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. The Applicant also requested authority to price its interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia.

By Order for Notice and Comment dated July 1, 2010, the Commission directed the Applicant to provide notice to the public of its application and directed the Commission Staff ("Staff") to conduct an investigation and file a Staff Report. The Applicant filed proof of service on July 15, 2010, and proof of publication on August 10, 2010, as required by the July 1, 2010 Order for Notice and Comment.

On September 10, 2010, the Staff filed its Report finding that NewPath'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 NewPath's application, the Staff determined it would be appropriate to grant the Applicant certificates to provide local exchange and interexchange telecommunications services subject to the following condition: NewPath should notify the Division of Economics and Finance no less than thirty (30) days prior to the cancellation or lapse of its bond and should provide a replacement bond at that time. This requirement should be maintained until such time as the Commission determines it is no longer necessary.

NOW THE COMMISSION, having considered the application and the Staff Report, finds that the Applicant should be granted certificates to provide local exchange and interexchange telecommunications services. Having considered § 56-481.1 of the Code of Virginia, the Commission further finds that the Applicant may price its interexchange telecommunications services competitively.

Accordingly, IT IS ORDERED THAT:

(1) NewPath Networks, LLC, is hereby granted a certificate of public convenience and necessity, No. TT-255A, to provide interexchange telecommunications services subject to the restrictions set forth in the Rules Governing the Certification of Interexchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(2) NewPath Networks, LLC, is hereby granted a certificate of public convenience and necessity, No. T-701, to provide local exchange telecommunications services subject to the restrictions set forth in the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(3) Pursuant to § 56-481.1 of the Code of Virginia, the Applicant may price its interexchange telecommunications services competitively.

(4) The Applicant shall provide tariffs to the Division of Communications that conform to all applicable Commission rules and regulations.

(5) NewPath Networks, LLC, shall notify the Division of Economics and Finance no less than thirty (30) days prior to the cancellation or lapse of its bond and shall provide a replacement bond at that time. This requirement shall be maintained until such time as the Commission determines it is no longer necessary.

(6) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the file for ended causes.

CASE NO. PUC-2010-00032
JULY 23, 2010

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

Ex Parte: In the Matter of Implementing the BVU Authority Act, Section 15.2-7200 *et seq.* of the Code of Virginia

ADMINISTRATIVE ORDER REFLECTING NAME CHANGE

Effective July 1, 2010, the BVU Authority Act, § 15.2-7200 *et seq*. of the Code of Virginia ("Va. Code"),[1] enacted by Chapters 117 (Senate Bill 12) and 210 (House Bill 27) of the 2010 Acts of Assembly, converted Bristol Virginia Utilities to BVU Authority. In order to reflect that conversion upon the certificates of public convenience and necessity and on the tariffs of the new entity, the Commission has docketed this matter as Case No. PUC-2010-00032.

NOW THE COMMISSION, having considered the effects of Va. Code § 15.2-7200 *et seq.*, is of the opinion and finds that existing certificates No. T-598a and No. TT-216A, respectively, in the name of City of Bristol d/b/a Bristol Virginia Utilities should be cancelled and reissued as No. T-598b and No. TT-216B, respectively, in the name of BVU Authority. Moreover, the tariffs on file in the name of Bristol Virginia Utilities have been deemed to be those of the new entity, BVU Authority.

Accordingly, IT IS ORDERED THAT:

(1) Certificates of public convenience and necessity Nos. T-598a and TT-216A, respectively, are hereby cancelled and reissued as Nos. T-598b and TT-216B in the name of BVU Authority.

(2) There being nothing further to come before the Commission, this matter is dismissed and the record compiled herein shall be sent to the file for ended causes.

[1] Va. Code §15.2-7209.A provides, in part, that "The Commission shall issue appropriate documentation to effectuate their transfer without further action on behalf of BVU Authority." Moreover, §15.2-7209.C states "Upon enactment of this chapter, the Authority shall file a name change with the Commission."

CASE NO. PUC-2010-00035
SEPTEMBER 20, 2010

APPLICATION OF
VIC-RMTS-DC, L.L.C. D/B/A VERIZON AVENUE

For cancellation of a certificate of public convenience and necessity to provide local exchange telecommunications services

ORDER

On September 20, 1997, VIC-RMTS-DC, L.L.C. d/b/a OnePoint Communications was issued a certificate of public convenience and necessity ("certificate") to provide local exchange telecommunications services in the Commonwealth of Virginia. The certificate was later updated to reflect its new corporate name, VIC-RMTS-DC, L.L.C. d/b/a Verizon Avenue ("Verizon Avenue"), by Order issued June 22, 2001, in Case No. PUC-2001-00125.

By letter application ("application") filed June 28, 2010, Verizon Avenue requested that its certificate to provide local exchange telecommunications services in Virginia, Certificate No. T-386a, be cancelled. The application represents that Verizon Avenue has no customers in Virginia and that its tariffs were cancelled pursuant to Commission Order in Case No. PUC-2006-00038.[1]

NOW UPON CONSIDERATION of the matter, the Commission finds that the certificate of public convenience and necessity granted to VIC-RMTS-DC, L.L.C. d/b/a Verizon Avenue should be cancelled.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUC-2010-00035.

(2) Certificate No. T-386a granting local exchange authority to VIC-RMTS-DC, L.L.C. d/b/a Verizon Avenue is hereby cancelled.

(3) There being nothing further to come before the Commission, this case is hereby closed.

[1] *Petition of VIC-RMTS-DC, L.L.C. d/b/a Verizon Avenue, For Authority to Discontinue Competitive Local Exchange Service in Virginia*, Case No. PUC-2006-00038, Order (April 10, 2006).

CASE NO. PUC-2010-00036
SEPTEMBER 15, 2010

APPLICATION OF
VERIZON VIRGINIA INC.

For cancellation of a certificate of public convenience and necessity to provide local exchange telecommunications services as the incumbent local exchange carrier in the Crows-Hematite Exchange

ORDER

Verizon Virginia Inc. ("Verizon") holds a certificate of public convenience and necessity ("certificate") as the incumbent local exchange carrier in the Crows-Hematite exchange located in Alleghany County in the Commonwealth of Virginia.[1] That status was changed, however, by the Commission's Final Order in Case No. PUC-2009-00073, issued May 17, 2010, which recognized that Frontier Communications of Virginia, Inc., would become the successor company to Verizon in the Crows-Hematite exchange as a result of having purchased all of Verizon's facilities and operations in that exchange.

On June 28, 2010, Verizon filed a request that its certificate in the Crows-Hematite exchange, Certificate No. T-172c, be cancelled as of July 1, 2010. Verizon represents that after July 1, 2010, Verizon would have no customers in the exchange. In addition, Verizon has removed all appearances of the Crows-Hematite exchange from its Virginia tariffs.

NOW UPON CONSIDERATION of the matter, the Commission finds that the certificate of public convenience and necessity granted to Verizon Virginia Inc., Certificate No. T-172c, for the Crows-Hematite exchange located in Alleghany County, Virginia, should be cancelled.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUC-2010-00036.

(2) Certificate No. T-172c granting authority to Verizon Virginia Inc. in the Crows-Hematite exchange located in Alleghany County, Virginia, is hereby cancelled.

(3) There being nothing further to come before the Commission, this case is hereby closed.

[1] Certificate No. T-172c; *Application of Verizon Virginia Inc. f/k/a Bell Atlantic-Virginia, Inc. to Amend its Certificates to Reflect New Corporate Name,* Case No. PUC-2000-00217, Order Reissuing Certificates (Aug. 4, 2000).

CASE NO. PUC-2010-00038
JULY 22, 2010

PETITION OF
NEXTGEN COMMUNICATIONS, INC.

For waiver of the bond requirement contained in its certificate of public convenience and necessity

ORDER

By Final Order entered November 3, 2009, in Case No. PUC-2009-00003, the State Corporation Commission ("Commission") granted NextGen Communications, Inc. ("NextGen"), certificates of public convenience and necessity ("certificates") numbers T-693 and TT-250A to furnish, respectively, local exchange and interexchange telecommunications services in the Commonwealth.

On July 6, 2010, NextGen filed with the Commission a Petition for Waiver of the Bond Requirement Contained in its Certificate of Public Convenience and Necessity ("Petition"), wherein it requested that the Commission allow its initial bond to expire and that it be permitted to delay securing a subsequent bond until such time as it files a tariff for traditional local exchange services.[1] NextGen also presented for the Commission's consideration, two alternatives to its request for waiver of the standard bond requirement: a significant reduction in the current bond and/or a Letter of Credit or Guarantee between NextGen and its parent Company, TeleCommunication Systems, Inc. The Petition also served as notice of the expiration of NextGen's bond, in accordance with the Commission's requirements.[2]

In support of its request for waiver of the bond requirement, NextGen further states that it does not currently have any business operations or customers in Virginia; it does not have an approved tariff on file with the Commission; because of the nature of its 911 services, NextGen will not offer traditional dial tone based local exchange services; and it does not reasonably expect to have operations in Virginia until 2011 or later.

[1] Similar temporary bond waivers have been granted by the Commission. See *Application of Gateway Communications Services of Virginia, Inc., For waiver of surety bond,* Case No. PUC-2008-00018, 2008 S.C.C. Ann. Rept. 287, Final Order (March 14, 2008) and *Application of Bay Telecom, Inc., For a certificate of public convenience and necessity to provide local exchange telecommunications services,* Case No. PUC-2005-00140, 2006 S.C.C. Ann. Rept. 216, Final Order (March 3, 2006).

[2] In its Petition, NextGen states that its effective surety bond is set to expire on August 4, 2010.

NOW THE COMMISSION, having considered the Petition and the applicable law, finds that NextGen should be granted a temporary waiver of Rule 20 VAC 5-417-20 G 1 b and not be required to provide a continuous performance or surety bond in a minimum amount of $50,000 until it files a Virginia tariff for review and acceptance to offer telecommunications services in Virginia.

Accordingly, IT IS ORDERED THAT:

(1) NextGen is hereby granted a temporary waiver of Rule 20 VAC 5-417-20 G 1 b requiring the Company to provide a continuous performance or surety bond in the amount of $50,000.

(2) At such time as NextGen anticipates offering telecommunications services in Virginia, and prior to the provisioning of any such services, the Company shall provide tariffs to the Division of Communications that conform with all applicable Commission rules and regulations.

(3) At such time as NextGen files a Virginia tariff for review and acceptance, NextGen shall provide a $50,000 bond to the Division of Economics and Finance, as specified by the Staff.

(4) All other provisions of the November 3, 2009 Final Order remain in effect.

(5) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the file for ended causes.

CASE NO. PUC-2010-00039
SEPTEMBER 24, 2010

PETITION OF
GLOBAL CROSSING TELEMANAGEMENT VA, LLC,
GLOBAL CROSSING TELEMANAGEMENT, INC.,
and
GLOBAL CROSSING LOCAL SERVICES, INC.

For approval of merger of Global Crossing Telemanagement, Inc., into Global Crossing Local Services, Inc., thereby transferring direct ownership and control of Global Crossing Telemanagement VA, LLC, from Global Crossing Telemanagement, Inc., to Global Crossing Local Services, Inc.

ORDER GRANTING APPROVAL

On July 6, 2010, Global Crossing Telemanagement VA, LLC ("Global Crossing VA"), Global Crossing Telemanagement, Inc. ("GCTM"), and Global Crossing Local Services, Inc. ("GCLS") (collectively, the "Petitioners"), filed a petition with the State Corporation Commission ("Commission"), pursuant to Chapter 5 of Title 56 ("Utility Transfers Act") of the Code of Virginia ("Code"), for approval of a merger between GCTM and GCLS and the resulting transfer of direct ownership and control of Global Crossing VA.

The Petitioners filed a portion of the petition with the Commission under seal, pursuant to 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure ("Rules") regarding confidential information, in order to obtain confidential treatment of Exhibit I and Exhibit II of the petition ("Confidential Exhibits"),[1] which contain consolidated financial statements of the Petitioners. Rule 5 VAC 5-20-170 states, in part: "When an application (including supporting documents and prefiled testimony) contains information that the applicant claims to be confidential, the filing shall be made under seal and accompanied by a motion for protective order or other confidential treatment." Therefore, on July 6, 2010, the Petitioners filed with the Commission a Motion for Protective Order ("Motion"), pursuant to 5 VAC 5-20-170 of the Commission's Rules, to obtain confidential treatment of the financial information contained in the Confidential Exhibits. On August 2, 2010, Staff filed a Memorandum of Completeness, which deemed the petition complete as of July 27, 2010.

Global Crossing VA, organized under the laws of the Commonwealth of Virginia, is headquartered in New York. Global Crossing VA provides local exchange service to approximately 36 business accounts in Virginia pursuant to its certificate of public convenience and necessity No. T-399a issued by the Commission in Case No. PUC-1999-00231 on January 6, 2000. Global Crossing VA is a wholly owned, direct subsidiary of GCTM, which, in turn, is a wholly owned, indirect subsidiary of Global Crossing Limited. Global Crossing Limited is a publicly traded Bermuda corporation with affiliates in the United States and several other countries providing telecommunications services.

GCLS is incorporated under the laws of the State of Michigan and has its principal business office in New York. GCLS provides local exchange services to small and medium-sized businesses in 26 states. GCLS also is a wholly owned, indirect subsidiary of Global Crossing Limited.

The Petitioners propose to consummate a transaction that would result in the transfer of ownership and control of Global Crossing VA from GCTM to GCLS. Specifically, the Petitioners propose to merge GCTM into GCLS, with GCLS being the surviving entity. GCTM would cease to exist, and all of its assets would be transferred to GCLS. After the proposed merger, GCLS would become the direct parent company of Global Crossing VA. The Petitioners represent that the transfer will be completely transparent to Global Crossing VA customers and that customers will continue to be served by Global Crossing VA. The Petitioners further represent that there will be no changes to the rates, terms, or conditions of service as a result of the proposed transfer.

[1] The Petitioners state that the information contained in the Confidential Exhibits are highly confidential and proprietary and that public disclosure of this information would materially damage the Petitioners' competitive and financial positions by providing competitors with an advantage which the Petitioners would not enjoy.

The Petitioners state that the proposed merger and transfer of control is an internal corporate reorganization that will reduce costs and provide enhanced operational and economic efficiencies for the surviving Global Crossing entities. They further state that the savings associated with the internal reorganization will provide greater opportunities to improve the price performance of services available to its customers.

NOW THE COMMISSION, upon consideration of the petition and representations of the Petitioners and having been advised by its Staff, is of the opinion and finds that the Petitioners' Motion is no longer necessary and should, therefore, be denied.[2] The Commission is also of the opinion and finds that the proposed merger of GCTM and GCLS and the resulting transfer of direct ownership and control of Global Crossing VA will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

(1) The Petitioners' Motion for Protective Order is hereby denied; however, we direct the Clerk of the Commission to retain the confidential information, to which the Motion pertains, under seal.

(2) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Petitioners are hereby granted approval for the merger of GCTM and GCLS and the resulting transfer of direct ownership and control of Global Crossing VA, as described herein.

(3) The Petitioners shall file a report of the action taken pursuant to the approval granted herein within thirty (30) days of the transfer taking place, subject to administrative extension by the Commission's Director of Public Utility Accounting. Such report shall include the date the transfer took place.

(4) There appearing nothing further to be done in this matter, it hereby is dismissed.

[2] The Commission held the Petitioners' Motion in abeyance. We note that the Commission has received no request for leave to review the confidential financial information filed by the Petitioners in this proceeding. Accordingly, we deny the Motion as moot but direct the Clerk of the Commission to retain such information under seal.

CASE NO. PUC-2010-00040
OCTOBER 29, 2010

PETITION OF
NATIONSLINE VIRGINIA INC.

For Waiver of Certain Requirements for Certification

ORDER DENYING WAIVER

By order dated December 6, 2004, in Case No. PUC-2004-00058 ("Order"), the State Corporation Commission ("Commission") granted NationsLine Virginia Inc. ("NationsLine" or "Company") a certificate of public convenience and necessity, Certificate No. T-633, to provide local exchange telecommunications services.[1] The Order also granted NationsLine's request for a waiver of the bond requirement set forth in Rule 20 VAC 5-417-20 G 1 b of the Commission's Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers. In lieu of the bond, the Commission accepted a letter of credit provided by the Company.

On July 6, 2010, NationsLine filed with the Commission a Petition for Waiver of the Requirements for Certification ("Petition") wherein it sought a Commission order waiving the requirement that NationsLine continuously maintain a $50,000 performance or surety bond as set forth in Rule 20 VAC 5-417-20 G 1 b.

In support of its Petition, NationsLine stated that it has continuously operated since the issuance of the first letter of credit; it has renewed the letter of credit for six years; and no claims have been made against the letter of credit, nor have any fines or penalties been levied by the Commission against NationsLine.

The Company further stated that it does not collect customer deposits and that there is no risk of loss to customers for non-performance; has demonstrated financial ability to provide local telecommunications services; should no longer be required to continuously maintain a surety bond or letter of credit; and would like to use the funds that currently secure its letter of credit to invest in new equipment and expand its service in the Commonwealth.

On July 28, 2010, the Commission entered its Order Inviting Comments which, among other things, docketed the case; provided an opportunity for interested parties to comment on the Petition; and required the Commission Staff to file comments on the Petition.

The Commission Staff filed its comments ("Staff Comments") on September 23, 2010. There were no other comments filed.

The Staff noted that under the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers in Virginia, the bond requirement for a Certified Local Exchange Carrier ("CLEC") is not "held to secure customer deposits,"[2] but is "held to protect local exchange service

[1] *Application of NationsLine Virginia Inc., For a certificate of public convenience and necessity to provide local exchange telecommunications services*, Case No. PUC-2004-00058, 2004 S.C.C. Ann. Rept. 248, Order (December 6, 2004).

[2] Staff Comments at 3.

customers in the event that a carrier should suddenly cease operation."[3] The Staff also commented that a CLEC operating for several years does not assure continuing operation.[4] Further, the Staff pointed out that the Commission has not granted a full waiver of the bond requirement since 2003, when the requirement began.[5] In summary, the Staff believed that the bond requirement or, in the case of NationsLine, a letter of credit, "provides a level of financial assurance to protect the basic local exchange customers . . . ."[6]

NOW THE COMMISSION, having considered the Company's Petition and Staff Comments, is of the opinion and finds that the Company's request to waive the requirement for bond should be denied.

Accordingly, IT IS ORDERED THAT:

(1) The Petition of NationsLine requesting a waiver of the requirement for a bond is hereby denied.

(2) 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.

[3] *Id*.

[4] *Id*. at 4.

[5] *Id*.

[6] *Id*. at 6.

CASE NO. PUC-2010-00041
AUGUST 31, 2010

JOINT APPLICATION OF
INSITE FIBER OF VIRGINIA, INC.,
NEWPATH NETWORKS, INC.,
WILLIAM J. MARRACCINI,
CHARTERHOUSE GROUP, INC.,
and
CROWN CASTLE SOLUTIONS CORP.,
CROWN CASTLE INTERNATIONAL CORP.,

For approval of the indirect transfer of control of InSITE Fiber of Virginia, Inc., pursuant to Va. Code §§ 56-88 *et seq.*

ORDER GRANTING APPROVAL

On July 9, 2010, InSITE Fiber of Virginia, Inc. ("InSITE"), NewPath Networks, Inc. ("NewPath"), Crown Castle Solutions Corp. ("Solutions"), and Crown Castle International Corp. ("CCI") (collectively, the "Applicants"), filed a Joint Application and Request for Streamlined Review ("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"), for approval of the indirect transfer of control of InSITE and NewPath Networks, LLC ("NewPath-LLC"). The Applicants also filed a Joint Application with the Federal Communications Commission ("FCC") under the FCC's Streamlined Review process, and it was accepted as such on July 20, 2010.

The Applicants filed the Joint Application with the Commission under seal, pursuant to 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure ("Rules") regarding confidential information, in order to obtain confidential treatment of Confidential Exhibit D of the Joint Application ("Confidential Exhibit"), which contains a confidential Agreement and Plan of Merger between NewPath and Solutions.[1] Rule 5 VAC 5-20-170 states, in part: "When an application (including supporting documents and prefiled testimony) contains information that the applicant claims to be confidential, the filing shall be made under seal and accompanied by a motion for protective order or other confidential treatment." Therefore, on July 12, 2010, the Applicants filed with the Commission a Motion for Protective Order ("Motion"), pursuant to 5 VAC 5-20-170 of the Commission's Rules, to obtain confidential treatment of the information contained in the Confidential Exhibit.

On July, 19, 2010, the Applicants made a supplemental filing in which they added William J. Marraccini ("Mr. Marraccini") and Charterhouse Group, Inc. ("Charterhouse"), as Applicants in this proceeding.[2] Accordingly, InSITE, NewPath, Solutions, CCI, Mr. Marraccini, and Charterhouse are referred to herein collectively as the "Joint Applicants." On July 21, 2010, Staff filed a Memorandum of Completeness, which deemed the Joint Application complete as of July 19, 2010, and on August 3, 2010, the Joint Application was accepted under the Commission's Streamlined Review process.[3]

[1] The Confidential Exhibit was filed with the Commission under seal, pursuant to 5 VAC 5-20-170 of the Commission's Rules, under separate cover on July 12, 2010. The Applicants state that the information contained in the Confidential Exhibit is extremely sensitive information that could be used by competitors to gain insight into the Applicants' internal business operations and other information damaging to the Applicants and, therefore, disclosure of such information would be extremely detrimental and could be used by the Applicants' competitors to materially affect the Applicants ability to compete effectively.

[2] Mr. Marraccini and Charterhouse were added as Applicants in this proceeding because of their collective disposition of ultimate ownership and control of InSITE as a result of the proposed transaction.

[3] A copy of the FCC's July 20, 2010 Public Notice establishing streamlined processing was not filed with the Commission until July 27, 2010.

NewPath is a Delaware corporation with its principal business headquarters located in Seattle, Washington. NewPath is ultimately owned collectively by Mr. Marraccini and Charterhouse. NewPath is a wireless infrastructure company that, through its operating subsidiaries, designs, develops and operates fiber-fed wireless carrier networks to improve signal strength and network capacity. NewPath's network typically is run over existing infrastructure, such as telephone poles and street lights, to expand carrier networks with solutions that are aesthetically acceptable to local communities and municipalities.

InSITE is a Virginia corporation with its principal business headquarters also located in Seattle, Washington. InSITE is wholly owned by InSITE Solutions, LLC, a Maryland limited liability company, which in turn is wholly owned by NewPath-LLC,[4] a New Jersey limited liability company, which in turn is wholly owned by NewPath. Therefore, InSITE is an indirect wholly owned subsidiary of NewPath. InSITE provides transport and backhaul services to other carriers, primarily wireless telecommunications providers and other wireless information service providers, using a Distributed Antenna System ("DAS"). In Virginia, InSITE is certificated to provide interexchange telecommunications services pursuant to its certificate of public convenience and necessity ("CPCN"), Certificate No. TT-203A, issued pursuant to the Commission's Order Granting Certificate entered April 23, 2004, in Case No. PUC-2003-00158. InSITE currently has three carrier customers in Virginia.

Solutions is a Delaware corporation and wholly owned indirect subsidiary of CCI, a publicly traded Delaware corporation. Solutions and CCI have their principal business headquarters located in Houston, Texas. CCI facilitates wireless coverage to the majority of the top 100 U.S. markets, owns and manages over 22,500 tower and rooftop sites throughout the United States and is one of the largest tower operators in the country. Solutions has deployed DAS networks and has three additional DAS networks in process with numerous others under consideration. Wholly owned subsidiaries of Solutions hold authorization to provide intrastate telecommunications services in thirteen states, including Virginia. Solutions' subsidiary, VA-CLEC LLC, is certificated in Virginia as a competitive local exchange carrier to provide local exchange telecommunications services pursuant to its CPCN, Certificate No. T-639, issued pursuant to the Commission's Final Order entered May 23, 2005, in Case No. PUC-2005-00004.

The Joint Applicants request Commission approval to consummate a transaction whereby Solutions and, ultimately, CCI will acquire indirect control of NewPath-LLC and InSITE (the "Proposed Transaction").[5] Pursuant to an Agreement and Plan of Merger ("Agreement") dated as of June 30, 2010, between NewPath, Solutions and CCNP Corp. ("CCNP"), a subsidiary of Solutions created specifically for this transaction, CCNP will merge with and into NewPath, with NewPath as the surviving entity. As a result, NewPath will become a wholly owned direct subsidiary of Solutions and, therefore, Solutions will acquire indirect control of NewPath-LLC and InSITE.

Upon completion of the Proposed Transaction, the Joint Applicants state that InSITE's customers will continue to receive telecommunications services with no change in the rates or terms and conditions of service as currently provided. Further, InSITE will continue to provide service to its customers under the same name and will continue to be led by an experienced management team. The Joint Applicants state that since the Proposed Transaction will be consummated at the parent company level, there will be no interruption or disruption of service to InSITE's customers and, therefore, the Proposed Transaction will be seamless and virtually transparent to customers in Virginia.

NOW THE COMMISSION, upon consideration of the Joint Application and representations of the Joint Applicants and having been advised by its Staff, is of the opinion and finds that the Joint Applicants' Motion is no longer necessary and should, therefore, be denied.[6] The Commission is further of the opinion and finds that the above-described Proposed Transaction, resulting in the indirect transfer of control of NewPath-LLC and InSITE, will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

(1) The Joint Applicants' Motion for Protective Order is hereby denied; however, we direct the Clerk of the Commission to retain the confidential information, to which the Motion pertains, under seal.

(2) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Joint Applicants are hereby granted approval to consummate the Proposed Transaction to allow for the indirect transfer of control of NewPath Networks, LLC, and InSITE Fiber of Virginia, Inc., as described herein.

(3) The Joint Applicants shall file a report of the action taken pursuant to the approval granted herein within thirty (30) days of the Proposed Transaction taking place, subject to administrative extension by the Commission's Director of Public Utility Accounting. Such report shall include the date the Proposed Transaction took place.

(4) There appearing nothing further to be done in this matter, it hereby is dismissed.

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[4] NewPath-LLC currently has an Application pending with the Commission for certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in Virginia. *See Application of NewPath Networks, LLC, For certificates of public convenience and necessity to provide local exchange and interexchange services in the Commonwealth of Virginia,* Case No. PUC-2010-00031.

[5] Since NewPath-LLC's Application for CPCNs to provide regulated telecommunications services in Virginia is currently pending with the Commission in Case No. PUC-2010-00031, the Joint Applicants have also requested Commission approval of the indirect transfer of control of NewPath-LLC as a result of the Proposed Transaction.

[6] The Commission held the Joint Applicants' Motion in abeyance. We note that the Commission has received no request for leave to review the confidential information filed by the Joint Applicants in this proceeding. Accordingly, we deny the Motion as moot but direct the Clerk of the Commission to retain the confidential information, to which the Motion pertains, under seal.

CASE NO. PUC-2010-00042
OCTOBER 29, 2010

APPLICATION OF
DUKENET OPCO, LLC

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

FINAL ORDER

On July 29, 2010, DukeNet OpCo, LLC ("DukeNet" or "Applicant") completed an application with the State Corporation Commission ("Commission") for certificates of public convenience and necessity ("certificates") to provide local exchange and interexchange telecommunications services throughout the Commonwealth of Virginia. The Applicant also requested authority to price its interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia.

By Order for Notice and Comment dated August 26, 2010, the Commission directed the Applicant to provide notice to the public of its application and directed the Commission Staff ("Staff") to conduct an investigation and file a Staff Report. The Applicant filed poof of service and proof of publication on October 8, 2010, as required by the August 26, 2010 Order for Notice and Comment.

On October 19, 2010, the Staff filed its Report finding that DukeNet's application was in compliance with the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, 20 VAC 5-417-10 *et seq*., and the Rules Governing the Certification of Interexchange Carriers, 20 VAC 5-411-10 *et seq*. Based upon its review of DukeNet's application, the Staff determined it would be appropriate to grant the Applicant certificates to provide local exchange and interexchange telecommunications services subject to the following condition: DukeNet should notify the Division of Economics and Finance no less than thirty (30) days prior to the cancellation or lapse of its bond and should provide a replacement bond at that time. This requirement should be maintained until such time as the Commission determines it is no longer necessary.

NOW THE COMMISSION, having considered the application and the Staff Report, finds that the Applicant should be granted certificates to provide local exchange and interexchange telecommunications services. Having considered § 56-481.1 of the Code of Virginia, the Commission further finds that the Applicant may price its interexchange telecommunications services competitively.

Accordingly, IT IS ORDERED THAT:

(1) DukeNet OpCo, LLC, is hereby granted a certificate of public convenience and necessity, No. TT-256A , to provide interexchange telecommunications services subject to the restrictions set forth in the Rules Governing the Certification of Interexchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(2) DukeNet OpCo, LLC, is hereby granted a certificate of public convenience and necessity, No. T-702, to provide local exchange telecommunications services subject to the restrictions set forth in the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(3) Pursuant to § 56-481.1 of the Code of Virginia, the Applicant may price its interexchange telecommunications services competitively.

(4) The Applicant shall provide tariffs to the Division of Communications that conform to all applicable Commission rules and regulations.

(5) DukeNet OpCo, LLC, shall notify the Division of Economics and Finance no less than thirty (30) days prior to the cancellation or lapse of its bond and shall provide a replacement bond at that time. This requirement shall be maintained until such time as the Commission determines it is no longer necessary.

(6) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the file for ended causes.

CASE NO. PUC-2010-00043
OCTOBER 27, 2010

JOINT APPLICATION OF
DUKENET COMMUNICATIONS, LLC,
DUKE ENERGY CORPORATION,
DUKE ENERGY SERVICES, INC.,
DUKENET VENTURECO, INC.,
DUKENET COMMUNICATIONS HOLDINGS, LLC,
DUKENET OPCO, LLC,
and
ALINDA TELECOM INVESTOR I, L.P.,
ALINDA TELECOM INVESTOR II, L.P.,

For approval of the transfer of control of DukeNet Communications, LLC, pursuant to Va. Code §§ 56-88 *et seq*.

ORDER GRANTING APPROVAL

On July 9, 2010, DukeNet Communications, LLC ("DukeNet"), Duke Energy Corporation ("Duke Energy"), Duke Energy Services, Inc. ("DES"), DukeNet VentureCo, Inc. ("VentureCo"), DukeNet Communications Holdings, LLC ("HoldCo"), DukeNet OpCo, LLC ("OpCo"), Alinda Telecom Investor I, L.P. ("Alinda I"), and Alinda Telecom Investor II, L.P. ("Alinda II" and, together with Alinda I, "Investor"), (collectively, the "Joint Applicants"), filed a Joint Application with the State Corporation Commission ("Commission"), pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"), for approval of the transfer of control of DukeNet from its current ultimate parent, Duke Energy, to Duke Energy and Investor jointly. On August 13, 2010, Staff filed a Memorandum of Completeness, which deemed the Joint Application complete as of August 9, 2010.

On September 27, 2010, the Joint Applicants filed with the Commission their Response to a Staff data request ("Response") under seal, pursuant to 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure ("Commission's Rules") regarding confidential information, in order to obtain confidential treatment of Confidential Exhibit A to the Chapter 5 Transaction Summary ("Confidential Exhibit"), which contains a confidential detailed and verified summary (the "Summary") of the agreements to which the instant Joint Application pertains. Rule 5 VAC 5-20-170 states, in part: "When an application (including supporting documents and prefiled testimony) contains information that the applicant claims to be confidential, the filing shall be made under seat and accompanied by a motion for protective order or other confidential treatment." Therefore, on September 27, 2010, concurrently with the Response and pursuant to 5 VAC 5-20-110 and 5 VAC 5-20-170 of the Commission's Rules, the Joint Applicants filed with the Commission a Motion for Protective Order Withholding Confidential and Sensitive Information from Public Disclosure ("Motion") to obtain confidential treatment of the information contained in the Confidential Exhibit.

Duke Energy is a corporation organized under the laws of the State of Delaware and has its principal business headquarters in Charlotte, North Carolina. No one person or entity directly or indirectly owns ten percent (10%) or more of the equity of Duke Energy. Through its various affiliates, Duke Energy is one of the largest electric power companies in the United States, supplying and delivering energy to approximately 4 million U.S. customers. Duke Energy has approximately 35,000 megawatts of electric generation capacity in the Carolinas and Midwest, and natural gas distribution services in Ohio and Kentucky. In addition, Duke Energy owns and operates a portfolio of renewable energy assets and also does business in the telecommunications market through its wholly owned subsidiary, DukeNet.

DES is a Delaware corporation and a wholly owned indirect subsidiary of Duke Energy. VentureCo is a Delaware corporation and a wholly owned direct subsidiary of DES. HoldCo is a Delaware limited liability company and a wholly owned direct subsidiary of VentureCo. OpCo is a Delaware limited liability company and a wholly owned direct subsidiary of HoldCo. DES, VentureCo, HoldCo, and OpCo all have their principal business headquarters in Charlotte, North Carolina.

DukeNet is a Delaware limited liability company and a wholly owned direct subsidiary of DES with its principal business headquarters also in Charlotte, North Carolina. Since 1994, DukeNet has developed and managed fiber-optic and microwave systems for wireless, local and long-distance communications companies, Internet service providers, and other businesses and organizations. DukeNet's network currently includes approximately 4,300 route miles of fiber-optic cable, of which approximately twenty-six percent (26%) of those route miles are leased from affiliates.

DukeNet is authorized to provide competitive local exchange and interexchange telecommunications services in North Carolina pursuant to its certificates of public convenience and necessity ("CPCNs") issued in Docket Nos. P-426 Sub 2 and 3. In Virginia, DukeNet is certificated as a competitive local exchange carrier to provide local exchange and interexchange telecommunications services pursuant to its CPCNs, Certificate No. T-670, issued pursuant to the Commission's Final Order entered July 20, 2007, in Case No . PUC-2007-00020, and Certificate No. TT-230A, issued pursuant to the Commission's Final Order entered April 19, 2007, in Case No. PUC-2006-00157, respectively. DukeNet currently has approximately six customers in Virginia, all of whom can be categorized as wholesale customers.

Alinda I and Alinda II are limited partnerships organized under the laws of the State of Delaware for the purpose of making investments in communications service providers. Alinda I's ultimate parent is Alinda Infrastructure Fund II, L.P., a Delaware limited partnership. Alinda I's General Partner is Alinda Telecom I GP LLC, a Delaware limited liability company. Alinda II's ultimate parent is Alinda Infrastructure Parallel Fund II, L.P., a limited partnership organized under the laws of the Cayman Islands. Alinda II's General Partner is Alinda Telecom II GP LLC, a Delaware limited liability company. Alinda I and Alinda II are both managed by Alinda Capital Partners, LLC.

The Joint Applicants request Commission approval to consummate a transaction whereby control of DukeNet will be transferred from DukeNet's current ultimate parent, Duke Energy, to Duke Energy and Investor jointly (the "Proposed Transaction"). As part of its efforts to expand the telecommunications business conducted by DukeNet, DES, along with DukeNet and Investor, entered into a definitive Formation and Sale Agreement ("Agreement") on June 23, 2010, pursuant to which Investor agreed to invest in the DukeNet business through a joint venture transaction. To facilitate its ability to establish a joint venture for DukeNet's telecommunications business that can be treated as a partnership for federal tax purposes, Duke Energy intends to reorganize the DukeNet business prior to the consummation of the joint venture transaction. To effect the reorganization, the following steps have occurred or will occur: (1) DES formed VentureCo, as a wholly owned direct subsidiary of DES; (2) VentureCo formed HoldCo, as a wholly owned direct

subsidiary of VentureCo; (3) HoldCo formed OpCo, as a wholly owned direct subsidiary of HoldCo; (4) DukeNet will merge with and into OpCo, with OpCo as the surviving entity; and, (5) OpCo will file an application with the Commission for CPCNs to provide local exchange and interexchange telecommunications services in Virginia.[1] Upon completion of the merger of DukeNet with and into OpCo, OpCo will operate under the legal name of DukeNet Communications, LLC. The new entity, OpCo d/b/a DukeNet Communications, LLC, will be referred to hereafter as "New DukeNet."

Following the completion of the reorganization, VentureCo will sell fifty percent (50%) of the equity interests in HoldCo to Investor for a cash payment equal to the fair market value of such interests, approximately $137 million. After the consummation of the transaction, Duke Energy and Investor will each indirectly own fifty percent (50%) of the equity interests in New DukeNet, which will operate as a joint venture under the name DukeNet Communications, LLC.

The Joint Applicants state that the Proposed Transaction is contemplated as part of Duke Energy's efforts to expand the telecommunications business conducted by DukeNet. As a result, the Joint Applicants expect that New DukeNet will become a stronger competitor whose presence should create downward pressure on service rates, as well as provide Virginia customers with more choices for service providers. As previously stated, following the completion of the Proposed Transaction and the merger of DukeNet with and into OpCo, OpCo will adopt the DukeNet name and will provide service to DukeNet's Virginia customers pursuant to new local exchange and interexchange CPCNs applied for in Case No. PUC-2010-00042.

Upon completion of the Proposed Transaction, the only significant change that will occur will be that Duke Energy, through VentureCo, and Investor will jointly become the ultimate owners of New DukeNet. The Joint Applicants state that New DukeNet will continue to provide telecommunications services to customers in Virginia under the DukeNet name and under the same rates, terms and conditions of service as currently provided.

We note, however, that the Federal Communications Commission ("FCC") is reviewing the Proposed Transaction and has not completed its review. Concerns regarding national security, law enforcement, public safety, and other issues have been raised at the federal level relative to the participation in the Proposed Transaction of Alinda II's ultimate corporate parent, Alinda Infrastructure Parallel Fund II, L.P., a Cayman Islands limited partnership. Because of these concerns, we will condition our approval on FCC approval. Subject to FCC approval, we find that the Proposed Transaction will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates.

NOW THE COMMISSION, upon consideration of the Joint Application and representations of the Joint Applicants and having been advised by its Staff, is of the opinion and finds that the Joint Applicants' Motion is no longer necessary and should, therefore, be denied.[2] The Commission is further of the opinion and finds that the Proposed Transaction should be approved upon the condition that the Joint Applicants obtain FCC approval for the Proposed Transaction.

Accordingly, IT IS ORDERED THAT:

(1) The Joint Applicants' Motion for Protective Order Withholding Confidential and Sensitive Information from Public Disclosure is hereby denied; however, we direct the Clerk of the Commission to retain the confidential information, to which the Motion pertains, under seal.

(2) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Joint Applicants are hereby granted approval to consummate the Proposed Transaction to allow for the transfer of control of DukeNet Communications, LLC, to Duke Energy Corp, and, jointly, Alinda Telecom Investor I, L.P., and Alinda Telecom Investor II, L .P., as described herein, conditioned upon approval by the FCC.

(3) Upon completion of the Proposed Transaction, the Joint Applicants shall file a letter with the Clerk of the Commission, with a copy provided to the Division of Communications, requesting that the certificates of public convenience and necessity currently issued to DukeNet Communications, LLC, Certificate Nos. T-670 and TT-230A, be canceled.

(4) The Joint Applicants shall file a report of the action taken pursuant to the approval granted herein within thirty (30) days of the Proposed Transaction taking place, subject to administrative extension by the Commission's Director of Public Utility Accounting. Such report shall include the date the Proposed Transaction took place and date of approval by the FCC.

(5) There appearing nothing further to be done in this matter, it hereby is dismissed.

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[1] OpCo's application for certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in Virginia is currently pending with the Commission. See Application of DukeNet OpCo, LLC, For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services, Case No. PUC-2010-00042.

[2] The Commission held the Joint Applicants' Motion in abeyance. We note that the Commission has received no request for leave to review the confidential information contained in the Confidential Exhibit filed by the Joint Applicants in this proceeding. Accordingly, we deny the Motion as moot but direct the Clerk of the Commission to retain such information, to which the Motion pertains, under seal.

CASE NO. PUC-2010-00045
SEPTEMBER 27, 2010

JOINT PETITION OF
FIBERNET OF VIRGINIA, INC.,
NTELOS HOLDINGS CORP.,
NTELOS INC.,
NTELOS FIBERNET, INC.,
ONE COMMUNICATIONS CORP .,
CONVERSENT COMMUNICATIONS, INC.,
and
MOUNTAINEER TELECOMMUNICATIONS, LLC,

For approval of the indirect transfer of control of FiberNet of Virginia, Inc., to NTELOS Holdings Corp., pursuant to Va. Code §§ 5 6-8 8 *et seq.*

ORDER GRANTING APPROVAL

On July 29, 2010, FiberNet of Virginia, Inc. ("FiberNet"), NTELOS Holdings Corp. ("NTELOS Holdings"), NTELOS Inc. ("NTELOS"), NTELOS FiberNet, Inc. ("NFNI"), One Communications Corp. ("One Comm"), Conversent Communications, Inc. ("Conversent"), and Mountaineer Telecommunications, LLC ("Mountaineer"), (collectively, the "Joint Petitioners"), filed a Joint Petition with the State Corporation Commission ("Commission"), pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"), for approval of the indirect transfer of control of FiberNet to NTELOS Holdings.

The Joint Petitioners filed the Joint Petition with the Commission under seal, pursuant to 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure ("Commission's Rules") regarding confidential information, in order to obtain confidential treatment of Confidential Exhibit C of the Joint Petition ("Confidential Exhibit"), which contains confidential financial statements of One Comm. Rule 5 VAC 5-20-170 states, in part: "When an application (including supporting documents and prefiled testimony) contains information that the applicant claims to be confidential, the filing shall be made under seal and accompanied by a motion for protective order or other confidential treatment." Therefore, on July 29, 2010, concurrently with the Joint Petition and pursuant to 5 VAC 5-20-110 and 5 VAC 5-20-170 of the Commission's Rules, the Joint Petitioners filed with the Commission a Motion for Protective Ruling ("Motion") seeking a ruling under Rule 5 VAC 5-20-170 providing for specific procedures to govern the production and use of confidential information in this proceeding.[1] On August 5, 2010, Staff filed a Memorandum of Completeness, which deemed the Joint Petition complete as of July 29, 2010.

NFNI is a wholly owned subsidiary of NTELOS, which, in turn, is a wholly owned subsidiary of NTELOS Holdings. NTELOS Holdings is a Delaware corporation. NFNI and NTELOS are both Virginia business corporations headquartered in Waynesboro, Virginia.

NTELOS is the direct or indirect parent company of several subsidiary companies, including Virginia incumbent local exchange carriers ("ILECs"), NTELOS Telephone Inc. ("NTELOS Telephone") and Roanoke & Botetourt Company ("R&B Telephone") (collectively, the "NTELOS ILECs"); and Virginia competitive local exchange carriers ("CLECs"), NTELOS Network Inc. ("NTELOS Network"), NA Communications Inc. ("NA Communications"), and R&B Network, Inc. ("R&B Network"), (collectively, the "NTELOS CLECs"). NTELOS Telephone is a certificated ILEC that provides local exchange telecommunications services within Allegheny and Augusta Counties, the City of Covington, the Town of Clifton Forge, and the City of Waynesboro. R&B Telephone is a certificated ILEC providing telecommunications services in Botetourt County, including the cities of Daleville, Troutville, and Fincastle. The NTELOS ILECs and NTELOS CLECs are each a "public utility" within the meaning of § 56-88 of the Code. As of December 31, 2009, the NTELOS ILECs served approximately 38,200 rural lines.

With the launch of CLEC services in 1998, NTELOS' wireline business has expanded from a traditional, rural ILEC into a regional provider of transport, Internet protocol ("IP"), video, voice and data services. NTELOS' subsidiaries are certificated as CLECs in Virginia, West Virginia, Pennsylvania, and Maryland. As of December 31, 2009, the NTELOS CLECs served approximately 49,700 CLEC lines, virtually all business lines, across 30 markets. The majority of NTELOS' wireline business is a 4,700 route-mile fiber optic network used to backhaul communications traffic for retail services; to serve as a carriers' carrier network; and to provide transport services to third parties for long-distance, Internet, wireless and private network services.

Mountaineer is a wholly owned subsidiary of Conversent, which, in turn, is a wholly owned subsidiary of One Comm. Mountaineer is the direct parent company of FiberNet; FiberNet, L.L.C.; FiberNet Telecommunications of Pennsylvania, LLC; and FiberNet of Ohio, LLC (collectively, the "FiberNet Companies"). Mountaineer has its principal business headquarters in Charleston, West Virginia, and functions as a holding company for the FiberNet Companies, which offer voice, data, and IP-based services in West Virginia and the surrounding areas in Ohio, Maryland, Pennsylvania, Virginia, and Kentucky. At the end of 2009, the FiberNet Companies had approximately 100,000 lines including approximately 9,000 residential lines. While nearly all customers terminate to FiberNet Companies' facilities, 12% are served with direct fiber connections end-to-end.

In Virginia, FiberNet is certificated to provide both local exchange and interexchange telecommunications services pursuant to its certificates of public convenience and necessity ("CPCNs"), Certificate Nos. T-525a and TT-121B, respectively, issued pursuant to the Commission's Final Order entered

[1] The Joint Petitioners included confidential information in the Confidential Exhibit of the Joint Petition, filed under separate cover, and anticipate that the disclosure of additional confidential information may be required over the course of this proceeding. The Joint Petitioners also included a proposed Protective Ruling with their Motion which, in part, recognizes that certain requested information or documents may require a higher level of protection from disclosure and provides that protection for such information and documents should be addressed on a case-by-case basis.

February 11, 2008, in Case No. PUC-2008-00011.[2] As of September 1, 2010, FiberNet provided local exchange, long-distance and data telecommunications services on both a facilities and resale basis to approximately 206 customers in Virginia, in and around Leesburg and Winchester. Approximately 0.4% of FiberNet's revenues are from Virginia customers.

The Joint Petitioners request Commission approval to consummate a transaction whereby NTELOS and, ultimately, NTELOS Holdings will acquire indirect control of FiberNet (the "Proposed Transaction"). Pursuant to a Purchase Agreement dated July 19, 2010, between Conversent, NTELOS, and One Comm, NTELOS will acquire indirect control of FiberNet from One Comm through NTELOS' purchase of all of the equity interests of FiberNet's immediate parent, Mountaineer, from Conversent and, ultimately, One Comm. Upon completion of the Proposed Transaction, NTELOS' interest in Mountaineer will be held by the newly formed, wholly owned direct subsidiary of NTELOS, NFNI. As a result, Mountaineer will ultimately become an indirect wholly owned subsidiary of NTELOS Holdings and, therefore, NTELOS Holdings will acquire indirect control of FiberNet. Following the completion of the Proposed Transaction, FiberNet will continue to provide telecommunications services under its current name[3] as a direct wholly owned subsidiary of Mountaineer and an indirect wholly owned subsidiary of NFNI, NTELOS and NTELOS Holdings.

The Joint Petitioners represent that the Proposed Transaction will create a combined company with double the scope and size of the existing companies, which will be able to compete more effectively in the highly competitive market for telecommunications services. The Joint Petitioners state that, under the new ownership of NTELOS, FiberNet will continue to provide quality telecommunications services to its customers in Virginia while gaining access to the additional resources and operational knowledge of NTELOS and, therefore, FiberNet will have the ability to become a stronger competitor to the ultimate benefit of consumers in Virginia. The Joint Petitioners further state that, upon completion of the Proposed Transaction, FiberNet's customers will continue to receive telecommunications services without interruption and without immediate change in the rates, terms and conditions of service as currently provided. Further, the proposed transfer of control of FiberNet will not result in a change of carrier for FiberNet's customers or any transfer of authorizations.[4]

NOW THE COMMISSION, upon consideration of the Joint Petition and representations of the Joint Petitioners and having been advised by its Staff, is of the opinion and finds that the Joint Petitioners' Motion is no longer necessary and should, therefore, be denied. [5] The Commission is further of the opinion and finds that the above-described Proposed Transaction, resulting in the indirect transfer of control of FiberNet to NTELOS Holdings, will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

(1) The Joint Petitioners' Motion for Protective Ruling is hereby denied; however, we direct the Clerk of the Commission to retain the confidential information, to which the Motion pertains, under seal.

(2) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Joint Petitioners are hereby granted approval to consummate the Proposed Transaction to allow for the indirect transfer of control of FiberNet of Virginia, Inc., to NTELOS Holdings Corp., as described herein.

(3) The Joint Petitioners shall file a report of the action taken pursuant to the approval granted herein within thirty (30) days of the Proposed Transaction taking place, subject to administrative extension by the Commission's Director of Public Utility Accounting. Such report shall include the date the Proposed Transaction took place.

(4) There appearing nothing further to be done in this matter, it hereby is dismissed.

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[2] Certificate Nos. T-525 and TT-121A were issued by the Commission to Choice One Communications of Virginia, Inc. ("Choice One"), in Case No. PUC-2000-00184 on January 4, 2001, prior to Choice One's name change to FiberNet of Virginia, Inc., which occurred on January 4, 2008. On February 11, 2008, in Case No. PUC 2008-00011, the Commission canceled the CPCNs issued to Choice One and reissued them in the name of FiberNet of Virginia, Inc. *See Application of Choice One Communications of Virginia, Inc., For cancellation of certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services and to reissue certificates reflecting new corporate name of FiberNet of Virginia, Inc.*, Case No. PUC-2008-00011, 2008 S.C.C. Ann. Rept. 284, Final Order (Feb. 11, 2008).

[3] The Joint Petitioners state that if NTELOS rebrands FiberNet subsequent to the closing of the Proposed Transaction, appropriate steps will be taken to effect that change; however, the Joint Petitioners state that currently there are no such plans to do so.

[4] The Joint Petitioners state that no affiliate arrangements requiring Commission authorization under Chapter 4 of Title 56 of the Code are currently contemplated. NTELOS and One Comm will enter into a transition services agreement so that FiberNet can continue to receive services from its current parent following closing of the Proposed Transaction. Furthermore, there is no plan currently for shared facilities, systems or services between FiberNet and NTELOS or any affiliate, although such arrangements may be identified in the future, and the Joint Petitioners state that Commission authorization will be sought as appropriate.

[5] The Commission held the Joint Petitioners' Motion in abeyance. We note that the Commission has received no request for leave to review the confidential information contained in the Joint Petition filed in this proceeding. Accordingly, we deny the Motion as moot but direct the Clerk of the Commission to retain such information, to which the Motion pertains, under seal.

CASE NO. PUC-2010-00048
OCTOBER 1, 2010

APPLICATION OF
SKYTERRA INC. OF VIRGINIA

To amend its certificate of public convenience and necessity to provide local exchange telecommunications services to reflect a new corporate name

ORDER

On August 6, 2010, an application was filed with the State Corporation Commission ("Commission") asking that the certificate of public convenience and necessity to provide local exchange telecommunications services in Virginia that had been issued to SkyTerra Inc. of Virginia ("SkyTerra") be amended and reissued to LightSquared Inc. of Virginia ("LightSquared") to reflect the company's corporate name change from SkyTerra to LightSquared ("Application").[1]

The current Certificate No. T-424d was issued by the Commission on January 13, 2009, in Case No. PUC-2008-00111 to reflect a corporate name change to SkyTerra.[2] Documents filed with this Application reflect that the Commission issued a certificate of amendment on July 26, 2010, recognizing the name change from SkyTerra to LightSquared. This Application requests, pursuant to 20 VAC 5-417-70 of the Commission's Rules for Certification and Regulation of Competitive Local Exchange Carriers, that Certificate No. T-424d be amended and reissued to LightSquared, to reflect the company's new corporate name.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that the certificate of public convenience and necessity for local exchange telecommunications services should be updated to reflect the Company's new name.

Accordingly, IT IS ORDERED THAT:

(1) This case is docketed and assigned Case No. PUC-2010-00048.

(2) Certificate No. T-424d authorizing SkyTerra Inc. of Virginia to provide local exchange telecommunications services throughout the Commonwealth is hereby cancelled and shall be reissued as amended Certificate No. T-424e in the name of LightSquared Inc. of Virginia.

(3) There being nothing further to be done, this matter shall be dismissed from the Commission's docket of active cases and the papers filed herein placed in the Commission's file for ended causes.

[1] The Application was filed by counsel on behalf of LightSquared Inc. of Virginia (formerly SkyTerra Inc. of Virginia).

[2] The previous name of the company was Mobile Satellite Ventures Inc. of Virginia.

CASE NO. PUC-2010-00049
AUGUST 24, 2010

APPLICATION OF
COMTEL VIRGINIA LLC d/b/a EXCEL TELECOMMUNICATIONS,
VARTEC TELECOM,
CLEAR CHOICE COMMUNICATIONS
and
VARTEC SOLUTIONS

ORDER CANCELING CERTIFICATES

By Order dated April 10, 2006, in Case No. PUC-2005-00141, the State Corporation Commission ("Commission") issued to Comtel Virginia LLC ("Comtel" or "Company"), Certificate No. T-653, a certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth of Virginia.

By letter filed with the Commission on August 9, 2010, Comtel advises that it is voluntarily withdrawing from providing telecommunications services to Virginia, and thereby requests that the certificate issued by the Commission be canceled. Comtel states that its agreement to sell substantially all of its assets to Matrix Telecom, Inc. ("Matrix"), was consummated on July 31, 2010, resulting in the transfer of existing customers to Matrix after customer notice had been provided in compliance with the rules of the Federal Communications Commission. This Commission approved the transfer of assets and customers on July 1, 2010, in Case No. PUC-2010-00020. The Final Order in Case No. PUC-2010-00020 directed the joint petitioners to file for the cancelation of Comtel's certificate of public convenience and necessity upon the completion of the proposed transaction with Matrix.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that Certificate No. T-653 previously issued to Comtel should be canceled.

Accordingly, IT IS ORDERED THAT:

(1) This matter shall be docketed as Case No. PUC-2010-00049.

(2) Certificate No. T-653 authorizing Comtel to provide local exchange telecommunications services throughout the Commonwealth of Virginia, is hereby canceled.

(3) Any tariffs on file associated with this certificate are hereby canceled.

(4) There being nothing further to come before the Commission in this matter, this case shall be removed from the docket of active cases and the papers filed herein placed in the Commission's file for ended causes.

CASE NO. PUC-2010-00053
OCTOBER 15, 2010

JOINT APPLICATION OF
KDL OF VIRGINIA, INC.,
KENTUCKY DATA LINK, INC.,
Q-COMM CORPORATION,
and
WINDSTREAM CORPORATION,

For approval of the indirect transfer of control of KDL of Virginia, Inc., pursuant to Va. Code §§ 56-88 *et seq*.

ORDER GRANTING APPROVAL

On August 18, 2010, KDL of Virginia, Inc. ("KDL-VA"), Kentucky Data Link, Inc. ("KDL"), Q-Comm Corporation ("Q-Comm"), and Windstream Corporation ("Windstream") (collectively, the "Joint Applicants"), filed a Joint Application with the State Corporation Commission ("Commission"), pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"), for approval of the indirect transfer of control of KDL-VA from Q-Comm to Windstream.

The Joint Applicants filed the Joint Application with the Commission under seal, pursuant to 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure ("Commission's Rules") regarding confidential information, in order to obtain confidential treatment of the confidential Agreement and Plan of Merger and the confidential financial statements of Q-Comm (collectively, the "Confidential Exhibits").[1] Rule 5 VAC 5-20-170 states, in part: "When an application (including supporting documents and prefiled testimony) contains information that the applicant claims to be confidential, the filing shall be made under seal and accompanied by a motion for protective order or other confidential treatment." Therefore, on August 19, 2010, concurrently with the Confidential Exhibits and pursuant to 5 VAC 5-20-110 and 5 VAC 5-20-170 of the Commission's Rules, the Joint Applicants filed with the Commission a Motion for Protective Order ("Motion") to obtain confidential treatment of the information contained in the Confidential Exhibits. Also on August 19, 2010, the Joint Applicants filed with the Commission Exhibit C to the Joint Application, which contains the non-confidential financial statements of Windstream.[2] On August 26, 2010, Staff filed a Memorandum of Completeness, which deemed the Joint Application complete as of August 18, 2010.

Windstream, a Delaware corporation with its principal business headquarters in Little Rock, Arkansas, is a publicly-traded (NASDAQ: WIN) S&P 500 diversified communications and entertainment company. Windstream's subsidiaries provide local and long-distance telephone services, broadband and high-speed data services and video services to customers primarily in rural areas in 23 states.[3] Windstream's subsidiaries also offer a wide range of IP-based voice and data services and advanced phone systems and equipment to businesses and government agencies. Windstream's operations currently have approximately 3.4 million access lines, 9,500 employees, and approximately $4 billion in annual revenues. As a publicly traded company, no one person or entity directly or indirectly owns ten percent (10%) or more of the equity of Windstream. Windstream functions as a holding company and does not provide telecommunications services or hold any telecommunications authorizations in any state.

KDL-VA is a Virginia corporation and wholly owned subsidiary of KDL, a Kentucky corporation, which, in turn, is a wholly owned direct subsidiary of Q-Comm, which is a privately held Nevada corporation. Q-Comm, KDL, and KDL-VA maintain an executive office in Overland Park, Kansas, and an operations office in Evansville, Indiana.

Q-Comm's operating subsidiaries, including KDL and KDL-VA, operate an extensive fiber-optic network that spans nearly 30,000 miles and reaches into 26 states. KDL and KDL-VA primarily provide long haul fiber and SONET transport and local access services to carrier customers. Q-Comm operating subsidiaries are authorized to provide local exchange and/or interexchange telecommunications services in 41 states, including Virginia, and in the District of Columbia. In Virginia, KDL-VA is certificated to provide both local exchange and interexchange telecommunications services pursuant to its certificates of public convenience and necessity ("CPCNs"), Certificate Nos. T-615 and TT-194A, respectively, issued pursuant to the Commission's Final Order entered June 26, 2003, in Case No. PUC-2003-00028.

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[1] The Confidential Exhibits were filed with the Commission under seal, pursuant to 5 VAC 5-20-170 of the Commission's Rules, under separate cover on August 19, 2010. The Joint Applicants state that the information contained in the Confidential Exhibits is extremely sensitive information that could be used by competitors to gain insight into the Joint Applicants' internal business operations, financial condition, and other information damaging to the Joint Applicants and, therefore, disclosure of such information would be extremely detrimental and could be used by the Joint Applicants' competitors to materially affect the Joint Applicants ability to compete effectively.

[2] The Joint Applicants filed Exhibit C to the Joint Application separately due to the size of the exhibit.

[3] These states are as follows: Alabama, Arkansas, Florida, Georgia, Illinois, Iowa, Indiana, Kansas, Kentucky, Louisiana, Minnesota, Mississippi, Missouri, Nebraska, New Mexico, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, South Carolina, Tennessee and Texas. The existing subsidiary operations of Windstream in these states will not be affected by the instant Joint Application.

The Joint Applicants request Commission approval to consummate a transaction between Q-Comm and Windstream through which Windstream will acquire indirect control of KDL-VA from Q-Comm (the "Proposed Transaction"). Pursuant to an Agreement and Plan of Merger ("Agreement") dated August 17, 2010, among Windstream, Derby Merger Sub, Inc. ("MergerCo")[4] Q-Comm and the Stockholders' Representative, MergerCo will merge with and into Q-Comm, with Q-Comm continuing as the surviving corporation. Upon completion of the Proposed Transaction, Q-Comm will become a direct wholly owned subsidiary of Windstream and, therefore, Windstream will become the new ultimate parent company of KDL and KDL-VA. As a result, Windstream will acquire indirect control of KDL and, therefore, KDL-VA.

The Joint Applicants state that Windstream is technically and financially qualified to become the new ultimate owner of KDL-VA. As mentioned above, subsidiaries of Windstream currently provide local exchange telecommunications services in 23 states and are authorized to provide interexchange services in 48 states. Upon completion of the Proposed Transaction, the Joint Applicants state that KDL-VA will continue to have the managerial, technical and financial qualifications to provide telecommunications services to customers in Virginia because it will be supported by Windstream's managerial and financial resources. The Joint Applicants further state that Windstream will help ensure the continuation of KDL-VA's ability to deploy and maintain innovative and advanced telecommunications offerings, benefitting Virginia consumers and serving the public interest.

The only change that will occur as a result of the Proposed Transaction will be the transfer of ultimate control of KDL-VA from Q-Comm to Windstream, resulting in a change in ultimate ownership but not direct ownership. No other change will take place.[5] The Joint Applicants represent that immediately following the closing of the Proposed Transaction, KDL-VA will continue to offer the same telecommunications services under the same rates, terms and conditions of service as currently provided, pursuant to its existing CPCNs. The Joint Applicants further represent that the indirect transfer of control of KDL-VA as a result of the Proposed Transaction will not involve a transfer in operating authority, assets or customers of KDL-VA and, therefore, the Proposed Transaction is expected to be seamless to KDL-VA's customers in Virginia.

NOW THE COMMISSION, upon consideration of the Joint Application and representations of the Joint Applicants and having been advised by its Staff, is of the opinion and finds that the Joint Applicants' Motion is no longer necessary and should, therefore, be denied.[6] The Commission is further of the opinion and finds that the above-described Proposed Transaction, resulting in the indirect transfer of control of KDL-VA, will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

(1) The Joint Applicants' Motion for Protective Order is hereby denied ; however, we direct the Clerk of the Commission to retain the confidential information, to which the Motion pertains, under seal.

(2) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Joint Applicants are hereby granted approval to consummate the Proposed Transaction to allow for the indirect transfer of control of KDL of Virginia, Inc., from Q-Comm Corporation to Windstream Corporation as described herein.

(3) The Joint Applicants shall file a report of the action taken pursuant to the approval granted herein within thirty (30) days of the Proposed Transaction taking place, subject to administrative extension by the Commission's Director of Public Utility Accounting. Such report shall include the date the Proposed Transaction took place.

(4) There appearing nothing further to be done in this matter, it hereby is dismissed.

[4] MergerCo is a wholly owned direct subsidiary of Windstream created solely for the purposes of the Proposed Transaction.

[5] The Joint Applicants note, however, that upon completion of the Proposed Transaction, KDL-VA may subsequently change its name to reflect "Windstream" in its name.

[6] The Commission held the Joint Applicants' 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 Joint Applicants in this proceeding. Accordingly, we deny the Motion as moot but direct the Clerk of the Commission to retain such information, to which the Motion pertains, under seal.

CASE NO. PUC-2010-00059
OCTOBER 29, 2010

JOINT APPLICATION OF
CAVALIER TELEPHONE CORPORATION,
TALK AMERICA OF VIRGINIA, INC.,
CAVALIER TELEPHONE, LLC,
INTELLIFIBER NETWORKS, INC.,
and
PAETEC HOLDING CORP.,

For approval of the indirect transfer of control of Talk America of Virginia, Inc., Cavalier Telephone, LLC, and Intellifiber Networks, Inc., to PAETEC Holding Corp., pursuant to Va. Code §§ 56-88 *et seq*.

ORDER GRANTING APPROVAL

On September 16, 2010, Cavalier Telephone Corporation ("Cavalier"), Talk America of Virginia, Inc. ("TA-VA"), Cavalier Telephone, LLC ("CavTel"), Intellifiber Networks, Inc. ("Intellifiber" and together with TA-VA and CavTel, the "Cavalier Entities"), and PAETEC Holding Corp. ("PAETEC"), (Cavalier, the Cavalier Entities and PAETEC, collectively, the "Joint Applicants"), filed a Joint Application and Request for Streamlined Review ("Joint Application") with the State Corporation Commission ("Commission"), pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the

Code of Virginia ("Code"),[1] for approval of the indirect transfer of control of the Cavalier Entities to PAETEC. The Joint Applicants also filed a Joint Application with the Federal Communications Commission ("FCC") under the FCC's Streamlined Review process, which was accepted as such on September 30, 2010.

On September 17, 2010, the Joint Applicants filed Exhibit C to the Joint Application with the Commission, which contains the non-confidential Agreement and Plan of Merger between PAETEC, Cairo Acquisition Corp., Cavalier, and M/C Venture Partners V, L.P., as the Stockholder Representative.[2]

Rule 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure ("Commission's Rules") regarding confidential information states, in part: "When an application (including supporting documents and prefiled testimony) contains information that the applicant claims to be confidential, the filing shall be made under seal and accompanied by a motion for protective order or other confidential treatment." Therefore, on September 28, 2010, the Joint Applicants filed with the Commission a Motion for Protective Order ("Motion"), pursuant to 5 VAC 5-20-110 and 5 VAC 5-20-170 of the Commission's Rules, to obtain confidential treatment of Confidential Exhibit 1 to the Motion ("Confidential Exhibit"), which contains the confidential and proprietary business and financial statements of Cavalier.[3] On September 24, 2010, Staff filed a Memorandum of Completeness, which deemed the Joint Application complete as of September 16, 2010, and on October 5, 2010, the Joint Application was accepted under the Commission's Streamlined Review process.[4]

TA-VA, a Virginia corporation; CavTel, a Virginia limited liability company; and Intellifiber, a Virginia corporation, are all wholly owned indirect subsidiaries of Cavalier, a Delaware corporation. Cavalier and the Cavalier Entities have their principal business headquarters in Richmond, Virginia. Through its various operating subsidiaries, including the Cavalier Entities, Cavalier uses its own network, including a high-capacity fiber network, to serve customers throughout the Midwest, Southeast, Mid-Atlantic, and Northeast. Cavalier's fiber network contains approximately 13,000 intercity route miles and approximately 4,000 metro route miles. Cavalier provides telecommunications services and solutions to business, consumer, and government customers.

In Virginia, TA-VA is certificated as a competitive local exchange carrier ("CLEC") to provide local exchange telecommunications services pursuant to its certificate of public convenience and necessity ("CPCN"), Certificate No. T-391a, issued pursuant to the Commission's Order entered June 26, 2001, in Case No. PUC-2001-00133.[5] TA-VA is also authorized to provide resold telecommunications services in Virginia. CavTel is certificated in Virginia as a CLEC to provide both local exchange and interexchange telecommunications services pursuant to its CPCNs, Certificate Nos. T-431 and TT-61A, respectively, issued pursuant to the Commission's Final Order entered January 14, 1999, in Case No. PUC-1998-00159. Intellifiber is certificated in Virginia as a CLEC to provide both local exchange and interexchange telecommunications services pursuant to its CPCNs, Certificate Nos. T-457d and TT-38D, issued pursuant to the Commission's Order entered September 25, 2009, in Case No. PUC-2009-00047.[6] Each of the Cavalier Entities is also authorized by the FCC to provide domestic and/or international telecommunications services.

PAETEC is a publicly-traded Delaware corporation with its principal business headquarters in Fairport, New York. PAETEC, through its regulated operating subsidiaries, including its subsidiaries that operate in Virginia, delivers communications solutions to business customers in 46 states and the District of Columbia.

PAETEC has three subsidiaries that operate in Virginia: PaeTec Communications of Virginia, Inc. ("PCI-VA"); US LEC of Virginia L.L.C. d/b/a PAETEC Business Services ("PAETEC-VA"); and McLeodUSA Telecommunications Services, LLC d/b/a PAETEC Business Services ("PAETEC Business"). In Virginia, PCI-VA is certificated as a CLEC to provide local exchange and interexchange telecommunications services pursuant to its CPCNs, Certificate No. T-441, issued pursuant to the Commission's Final Order entered April 19, 1999, in Case No. PUC-1998-00162, and Certificate No. TT-171A, issued pursuant to the Commission's Final Order entered April 17, 2002, in Case No. PUC-2001-00232, respectively. PAETEC-VA is certificated in Virginia as a CLEC to provide local exchange and interexchange telecommunications services pursuant to its CPCNs, Certificate No. T-385, issued pursuant to the Commission's Final Order entered September 8, 1997, in Case No. PUC-1997-00030, and Certificate No. TT-165A, issued pursuant to the

[1] Va. Code §§ 56-88 *et seq.*

[2] The Joint Applicants filed Exhibit C to the Joint Application separately due to the size of the exhibit.

[3] The Confidential Exhibit was filed with the Commission under seal, pursuant to 5 VAC 5-20-170 of the Commission's Rules, under separate cover on September 29, 2010. The Joint Applicants state that the information contained in the Confidential Exhibit is extremely sensitive information that could be used by competitors to gain insight into the Joint Applicants' internal business operations and other information damaging to the Joint Applicants and, therefore, disclosure of such information would be extremely detrimental and could be used by the Joint Applicants' competitors to materially affect the Joint Applicants ability to compete effectively.

[4] A copy of the FCC's September 30, 2010 Public Notice establishing streamlined processing was filed with the Commission on October 1, 2010.

[5] Certificate No. T-391 was issued by the Commission to Tel-Save Holdings of Virginia, Inc. ("Tel-Save"), in Case No. PUC-1997-00045 on October 9, 1997, prior to Tel-Save's name change to Talk America of Virginia, Inc. On June 26, 2001, in Case No. PUC-2001-00133, the Commission canceled the CPCN issued to Tel-Save and reissued it in the name of Talk America of Virginia, Inc. *See Application of Talk America of Virginia, Inc. f/k/a Tel-Save Holdings of Virginia, Inc., For cancellation and reissuance of certificates of public convenience and necessity to reflect corporate name change*, Case No. PUC-2001-00133, 2001 S.C.C. Ann. Rept. 335, Order (June 26, 2001).

[6] Certificate Nos. T457c and TT-38C were issued by the Commission to Elantic Telecom, Inc. ("Elantic"), in Case No. PUC-2004-00097 on August 18, 2004, prior to Elantic's name change to Intellifiber Networks, Inc., which occurred on August 28, 2009. On September 25, 2009, in Case No. PUC-2009-00047, the Commission canceled the CPCNs issued to Elantic and reissued then in the name of Intellifiber Networks, Inc. See Application of Elantic Telecom, Inc., For amended and reissued certificates of public convenience and necessity to reflect its new name, Case No. PUC-2009-00047, 2009 S.C.C. Ann. Rept. 255-256, Order (Sept. 25, 2009).

Commission's Final Order entered December 14, 2001, in Case No. PUC-2001-00181, respectively. PAETEC Business only operates in Virginia as a reseller of interexchange telecommunications services.[7]

The Joint Applicants request Commission approval to consummate a transaction between Cavalier and PAETEC through which PAETEC will acquire indirect control of the Cavalier Entities from Cavalier (the "Proposed Transaction"). Pursuant to an Agreement and Plan of Merger dated as of September 12, 2010, by and among PAETEC, Cairo Acquisition Corp. ("MergerCo"),[8] Cavalier, and M/C Venture Partners V, L.P., as the Stockholder Representative, MergerCo will merge with and into Cavalier, with Cavalier continuing as the surviving entity.[9] Upon completion of the Proposed Transaction, the Cavalier Entities will become wholly owned indirect subsidiaries of PAETEC and PAETEC Corp., and, therefore, PAETEC will become the new ultimate parent company of Cavalier and the Cavalier Entities.

Upon completion of the Proposed Transaction, the Joint Applicants state that the customers of the Cavalier Entities will continue to receive telecommunications services with no change in the rates or terms and conditions of service as currently provided. Further, the Cavalier Entities will continue to provide services to their customers under the same names[10] and will continue to be led by an experienced management team. The Joint Applicants state that, since the Proposed Transaction will be consummated at the parent company level, there will be no interruption or disruption of service to the Cavalier Entities' customers and, therefore, the Proposed Transaction will be seamless and virtually transparent to customers in Virginia.[11]

NOW THE COMMISSION, upon consideration of the Joint Application, representations of the Joint Applicants, and having been advised by its Staff, is of the opinion and finds that the Joint Applicants' Motion is no longer necessary and should, therefore, be denied.[12] The Commission is further of the opinion and finds that the above-described Proposed Transaction, resulting in the indirect transfer of control of TA-VA, CavTel, and Intellifiber to PAETEC, will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

(1) The Joint Applicants' Motion for Protective Order is hereby denied ; however, we direct the Clerk of the Commission to retain the confidential information, to which the Motion pertains, under seal.

(2) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Joint Applicants are hereby granted approval to consummate the Proposed Transaction to allow for the indirect transfer of control of Talk America of Virginia, Inc., Cavalier Telephone, LLC, and Intellifiber Networks, Inc., to PAETEC Holding Corp., as described herein.

(3) The Joint Applicants shall file a report of the action taken pursuant to the approval granted herein within thirty (30) days of the Proposed Transaction taking place, subject to administrative extension by the Commission's Director of Public Utility Accounting. Such report shall include the date the Proposed Transaction took place.

(4) There appearing nothing further to be done in this matter, it hereby is dismissed.

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[7] PAETEC Business was certificated in Virginia as a CLEC under the name McLeodUSA Telecommunications Services of Virginia, Inc. ("McLeodUSA"), to provide both local exchange and interexchange telecommunications services pursuant to its CPCNs, Certificate Nos. T-564 and TT-159A, respectively, issued pursuant to the Commission's Final Order entered July 25, 2001, in Case No. PUC-2001-00057. At the request of the company, McLeodUSA's CPCNs were canceled by the Commission on March 13, 2002, in Case No. PUC-2002-00029. *See Application of McLeodUSA Telecommunications Services of Virginia, Inc., For cancellation of certificates of public convenience and necessity*, Case No. PUC-2002-00029, 2002 S.C.C. Ann. Rept. 293, Order (March 13, 2002).

[8] MergerCo is a wholly owned indirect subsidiary of PAETEC created solely for the purposes of the Proposed Transaction.

[9] The Joint Applicants state that there will be no change in the current ownership of PAETEC and its subsidiaries as a result of the Proposed Transaction.

[10] The Joint Applicants note that, following consummation of the proposed indirect transfer of control of the Cavalier Entities, and after appropriate notices to customers and any required regulatory filings, the names of the Cavalier Entities may change to reflect the "PAETEC" brand.

[11] Comments to the Joint Application, expressing either displeasure with the employment practices or the business practices of one or more of the Joint Applicants, were filed by Mr. Cliff Hancuff and CoreTel Virginia, LLC, respectively. Responsive comments of the Joint Applicants assert, inter alia, that Commission approval of the Proposed Transaction does not preclude the commenters from asserting their respective rights in a proper forum, and that the Proposed Transaction will neither jeopardize nor impair the provision of adequate service to the public at just and reasonable rates.

[12] The Commission held the Joint Applicants' Motion in abeyance. We note that the Commission has received no request for leave to review the confidential information contained in the Confidential Exhibit filed by the Joint Applicants in this proceeding. Accordingly, we deny the Motion as moot but direct the Clerk of the Commission to retain the confidential information, to which the Motion pertains, under seal.

CASE NO. PUC-2010-00060
DECEMBER 21, 2010

APPLICATION OF
BIRCH COMMUNICATIONS OF VIRGINIA, INC.

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

FINAL ORDER

On October 5, 2010, Birch Communications of Virginia, Inc. ("Birch" or "Applicant"), completed an application with the State Corporation Commission ("Commission") for certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services throughout the Commonwealth of Virginia.

By Order for Notice and Comment dated October 29, 2010, the Commission directed Birch to provide notice to the public of its application and directed the Commission Staff ("Staff") to conduct an investigation and file a Staff Report. The Applicant filed proof of service and proof of publication on November 18, 2010, as required by the October 29, 2010 Order for Notice and Comment.

On December 8, 2010, the Staff filed its Report finding that Birch'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 Birch's application, the Staff determined it would be appropriate to grant the Applicant certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services, subject to the following condition: Birch should notify the Division of Economics and Finance no less than thirty (30) days prior to the cancellation or lapse of its bond and should provide a replacement bond at that time. This requirement should be maintained until such time as the Commission determines it is no longer necessary.

NOW THE COMMISSION, having considered the application and the Staff Report, finds that the Applicant should be granted certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services. Having considered § 56-481.1 of the Code of Virginia, the Commission further finds that the Applicant may price its interexchange telecommunications services competitively.

Accordingly, IT IS ORDERED THAT:

(1) Birch Communications of Virginia, Inc., is hereby granted a certificate of public convenience and necessity, No. TT-257A, to provide interexchange telecommunications services, subject to the restrictions set forth in the Rules Governing the Certification of Interexchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(2) Birch Communications of Virginia, Inc., is hereby granted a certificate of public convenience and necessity, No. T-703, to provide local exchange telecommunications services subject to the restrictions set forth in the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(3) Pursuant to § 56-481.1 of the Code of Virginia, the Applicant may price its interexchange telecommunications services competitively.

(4) The Applicant shall provide tariffs to the Division of Communications that conform to all applicable Commission rules and regulations.

(5) Birch Communications of Virginia, Inc., shall notify the Division of Economics and Finance no less than thirty (30) days prior to the cancellation or lapse of its bond and shall provide a replacement bond at that time. This requirement shall be maintained until such time as the Commission determines it is no longer necessary.

(6) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the file for ended causes.

CASE NO. PUC-2010-00064
SEPTEMBER 30, 2010

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
VERIZON VIRGINIA INC. AND VERIZON SOUTH INC.
and
STATE CORPORATION COMMISSION

Ex Parte: In the Matter of Investigating the Service Quality of Verizon Virginia Inc. and Verizon South Inc.

RULE TO SHOW CAUSE AND ORDER ESTABLISHING INVESTIGATION

The State Corporation Commission ("Commission"), upon its own motion, hereby issues an initial rule to show cause and establishes an investigation of Verizon's[1] service quality and Verizon's compliance with the Commission's service quality rules.[2] The Commission continues to receive complaints from customers and government officials regarding the adequacy of Verizon's service.

[1] Verizon Virginia Inc. and Verizon South Inc. are referred to herein collectively as "Verizon."

[2] Rules Governing Local Exchange Telecommunications Carrier Retail Service Quality, 20 VAC 5-428-10 *et seq.* ("Rules" or "Chapter 428").

These complaints involve, among other things: (i) the length of time that Verizon informs customers, who are without service, that they must wait until telephone service can be restored; (ii) the process by which Verizon attempts to get a customer's alleged agreement to go without service for such extended periods; (iii) the length of time that customers remain without service while waiting for Verizon to make repairs; (iv) the frequency at which certain customers are without service; (v) the length of time customers must wait on the telephone when trying to contact Verizon; and (vi) the impact on customers with medical necessities. These complaints also raise the question of whether Verizon has, or is devoting, sufficient resources to maintain reasonably adequate service quality and to comply with standards in the Rules.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUC-2010-00064.

(2) The show cause and investigation herein are initiated by the Commission under the Commission's Rules of Practice and Procedure, Chapter 428, and Title 56 of the Code of Virginia ("Va. Code") (including, but not limited to, Va. Code §§ 56-35, 56-36, 56-234, 56-234.4, 56-235.5, 56-247, 56-249, and 56-479).

(3) As part of this proceeding, the Commission may take any action against Verizon as permitted by law, including but not limited to: (a) substituting and directing Verizon to comply with, "other regulations, measurements, practices, service or acts" (Va. Code § 56-247); (b) directing Verizon to comply with specific service standards that differ from the Rules; and (c) issuing applicable fines and/or penalties.

(4) For the initial show cause portion of this proceeding:

(a) Verizon shall show cause as follows:

(i) Why Verizon should not be temporarily enjoined from reducing its work force so as not to jeopardize the provision of reasonably adequate service to its customers; and

(ii) Why Verizon should not be required to meet the service restoration standards in 20 VAC 5-428-90 B 2 for all customers, regardless of whether the customer ostensibly agrees (by explicit acceptance or request pursuant to 20 VAC 5-428-90 B 2) to remain out of service for an extended period of time, until such time as the Commission approves, either in this initial show cause or subsequently in this proceeding, the criteria that Verizon will apply to determine such explicit acceptance or request by a customer, and the method that Verizon will employ to record such explicit acceptance or request.

(b) Within ten (10) calendar days from the date of this order, Verizon shall file a pleading in response to this initial show cause.

(c) Commencing on November 2, 2010, at 10:00 a.m., a hearing shall be convened in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, at which time the Commission will receive testimony and hear oral argument, from Verizon and the Staff, on this initial show cause.

(5) Upon the Commission's own motion, the investigation herein shall also encompass, but is not limited to, the enforcement and sanction provisions of 20 VAC 5-428-110 A and B.

(6) Within ten (10) calendar days from the date of this order, Verizon shall file the written response, as provided for in 20 VAC 5-428-110 B, regarding whether the Commission should issue an order (pursuant to that Rule) to notify Verizon of its obligation and need to satisfy the provisions of Chapter 428.

(7) Verizon shall file reports, which the Staff shall audit, as follows:

(a) Within ten (10) calendar days from the date of this order, Verizon shall file a written report, pursuant to 20 VAC 5-428-30 and 20 VAC 5-428-90 A, identifying its compliance, or noncompliance, during 2010 with the standards in 20 VAC 5-428-90 B 1 through B 3. For purposes of 20 VAC 5-428-90 B 2, Verizon also shall separately state, on a monthly basis, the number and percentage of customers for which service was restored (i) within 48 hours, and (ii) within 96 hours, and the number and percentage of customers allegedly explicitly accepting service restoration dates (iii) beyond 48 hours, and (iv) beyond 96 hours.

(b) Within ten (10) calendar days from the end of each subsequent calendar month, Verizon shall file a written report, with the information required in (7)(a), for the prior calendar month.

(c) Verizon shall also provide written reports, as required in (7)(a) and (b), separately for copper- and "FiOS"-based customers. Verizon shall retain all raw data that forms the basis for all reports required herein. Verizon shall also retain all internal communications, including e-mails or other electronic communications, relating to the Rules and to service restoration and system maintenance issues. Verizon shall maintain all raw data and detailed records in a form that is readily available for Staff audit.

(d) Within ten (10) calendar days from the date of this order, Verizon shall file a report that shows (i) the number of equivalent full-time employees whose primary responsibility is restoration of service in Virginia, and (ii) the number of equivalent full-time employees whose primary responsibility is system maintenance in Virginia. Verizon shall provide this information on a calendar-year annual basis for 2005 through 2009, and on a monthly basis for 2010. Verizon shall also provide this information – on an estimated calendar-year annual basis – for 2010 and 2011. Verizon shall also provide written reports, as required in this paragraph, separately for its copper- and "FiOS"-based customers.

(8) The Staff shall investigate Verizon's compliance with the standards in the Rules, as well as any other matter the Staff determines may have an impact on Verizon's ability to provide reasonably adequate service. The Staff shall also investigate the effects of previous reductions of Verizon's work force on its service quality, as well as the potential effects of any reductions in work force that Verizon may implement in the future.

(9) The Staff shall file a report on its investigation, containing the Staff's findings and recommendations.

(10) Pursuant to Va. Code § 12.1-31 and the Commission's Rules of Practice and Procedure, 5 VAC 5-20-120, *Procedure before hearing examiners*, the Commission assigns a Hearing Examiner to rule on discovery matters that may arise in this proceeding.

(11) Verizon shall respond to written interrogatories and requests for production of documents from the Staff within seven (7) calendar days after receipt of same. Except as so modified, discovery shall be in accordance with Part IV of the Commission's Rules of Practice and Procedure or as further modified by the Hearing Examiner for purposes of this proceeding.

(12) This matter is continued.

CASE NO. PUC-2010-00065
NOVEMBER 30, 2010

JOINT APPLICATION OF
BUSINESS TELECOM OF VIRGINIA, INC.,
ITC^DELTACOM, INC.,
and
EARTHLINK, INC.,

For approval of the indirect transfer of control of Business Telecom of Virginia, Inc., pursuant to Va. Code §§ 56-88 *et seq*.

ORDER GRANTING APPROVAL

On October 5, 2010, ITCA^DeltaCom, Inc . ("ITCD"), and EarthLink, Inc. ("EarthLink"), (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"),[1] for approval of the indirect transfer of control of Business Telecom of Virginia, Inc. ("BTVI"), from ITCD to EarthLink.

On October 22, 2010, the Applicants filed a Supplement to the Application and Request for Streamlined Review ("Supplement") with the Commission, in which they added BTVI as an Applicant in this proceeding and requested streamlined processing of the Application. Accordingly, BTVI, ITCD, and EarthLink are referred to herein collectively as the "Joint Applicants," and the Application and Supplement are referred to herein collectively as the "Joint Application." The Joint Applicants also filed a Joint Application with the Federal Communications Commission ("FCC") under the FCC's Streamlined Review process, which was accepted as such on October 18, 2010. On October 29, 2010, Staff filed a Memorandum of Completeness, which deemed the Joint Application complete as of October 22, 2010, and accepted the Joint Application under the Commission's Streamlined Review process as of October 28, 2010.

On November 15, 2010, the Joint Applicants filed their response to a Staff Data Request ("Response") with the Commission under seal, pursuant to 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure ("Commission's Rules") regarding confidential information. Concurrently with the Response and pursuant to 5 VAC 5-20-110 and 5 VAC 5-20-170 of the Commission's Rules, the Joint Applicants filed a Motion for Confidential Treatment ("Motion") in order to obtain confidential treatment of the information contained in the Joint Applicants' response to Data Request No. 1, attached to the Response as Confidential Exhibit A ("Confidential Exhibit").[2]

ITCD is a publicly-traded Delaware holding company with its principal business headquarters in Huntsville, Alabama. Through its operating subsidiaries, ITCD provides voice and data telecommunications services on a retail basis to primarily business customers in the southern United States and regional communications transmission services over its network on a wholesale basis to other communications companies.

BTVI is a Virginia corporation and a direct wholly owned subsidiary of BTI, which is an indirect wholly owned subsidiary of ITCD. BTI is a North Carolina corporation that provides integrated telecommunications services primarily in the southeastern United States. BTI is authorized to provide facilities-based and/or resold interexchange telecommunications services in forty-nine states and the District of Columbia and is authorized to provide competitive local exchange services in over twenty states. In Virginia, BTVI is certificated as a competitive local exchange carrier ("CLEC") to provide local exchange and interexchange telecommunications services pursuant to its certificates of public convenience and necessity ("CPCNs"), Certificate No. T-389, issued pursuant to the Commission's Final Order entered October 9, 1997, in Case No. PUC-1997-00111, and Certificate No. TT-168A, issued pursuant to the Commission's Final Order entered February 4, 2002, in Case No. PUC-2001-00204, respectively. BTVI currently serves fewer than 1,000 customers in Virginia.

EarthLink, a publicly-traded Delaware corporation, is primarily an Internet service provider, providing nationwide Internet access and related value-added services to individual and small business customers. Its service offerings include narrowband and broadband (high-speed) Internet access; web hosting; advertising and related services; and VoIP services. EarthLink provides its portfolio of services to approximately 1.9 million customers through a nationwide network of dial-up points of presence and a nationwide broadband footprint. EarthLink also provides competitive local exchange and interexchange services in 46 states through its wholly owned subsidiaries, New Edge Networks, Inc. ("New Edge"), and New Edge Networks of Virginia, Inc. ("New Edge-VA").[3] In Virginia, New Edge-VA is certificated as a CLEC to provide both local exchange and interexchange telecommunications

[1] Va. Code §§ 56-88 *et seq*.

[2] The Joint Applicants state that the information contained in the Confidential Exhibit is highly confidential and competitively sensitive information, and that release of such information would likely cause substantial harm to the Joint Applicants' operations if it were to be publicized because such release would allow competitors an unfair and artificial competitive advantage.

[3] New Edge-VA is an affiliate of New Edge, and both companies are direct wholly owned subsidiaries of New Edge Holding Company, which, in turn, is a direct wholly owned subsidiary of EarthLink.

services pursuant to its CPCNs, Certificate Nos. T-682 and TT-245A, respectively, issued pursuant to the Commission's Final Order entered January 26, 2009, in Case No. PUC-2008-00062.

The Joint Applicants have requested Commission approval to consummate a transaction between EarthLink and ITCD, through which EarthLink will acquire indirect control of BTVI through its acquisition of ultimate control of BTVI's ultimate parent company, ITCD (the "Proposed Transaction"). Pursuant to an Agreement and Plan of Merger ("Agreement") dated October 1, 2010, between EarthLink, Egypt Merger Corp. ("MergerCo"),[4] and ITCD, MergerCo will merge with and into ITCD, with ITCD continuing as the surviving corporation. Upon completion of the Proposed Transaction, ITCD will become a direct wholly owned subsidiary of EarthLink and, therefore, EarthLink will become the new ultimate parent company of ITCD's subsidiaries, BTI and BTVI. As a result, BTVI will become an indirect wholly owned subsidiary of EarthLink.

Upon completion of the Proposed Transaction, the Joint Applicants state that BTVI's customers will continue to receive telecommunications services with no change in the rates or terms and conditions of service as currently provided. Further, BTVI will continue to provide services to its Virginia customers under the same name and pursuant to its existing authorizations. The Joint Applicants state that, although EarthLink's acquisition of ITCD will result in a change in the ultimate ownership and control of BTVI, no transfer of certificates, assets or customers will occur as a result of the Proposed Transaction and, therefore, the Proposed Transaction will be virtually transparent to BTVI's Virginia customers in terms of the services they currently receive.

NOW THE COMMISSION, upon consideration of the Joint Application, representations of the Joint Applicants, and having been advised by its Staff, is of the opinion and finds that the Joint Applicants' Motion, which requested confidential treatment of the Confidential Exhibit, should be granted. The Commission is also of the opinion and finds that the above-described Proposed Transaction, resulting in the indirect transfer of control of BTVI, will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

(1) The Joint Applicants' Motion for Confidential Treatment is hereby granted, and we direct the Clerk of the Commission to retain the confidential information, to which the Motion pertains, under seal. Because no one has requested access to such confidential information, the Commission has not issued a protective order.

(2) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Joint Applicants are hereby granted approval to consummate the Proposed Transaction to allow for the indirect transfer of control of Business Telecom of Virginia, Inc., from ITC^DeltaCom, Inc., to EarthLink, Inc., as described herein.

(3) The Joint Applicants shall file a report of the action taken pursuant to the approval granted herein within thirty (30) days of the Proposed Transaction taking place, subject to administrative extension by the Commission's Director of Public Utility Accounting. Such report shall include the date the Proposed Transaction took place.

(4) There appearing nothing further to be done in this matter, it hereby is dismissed.

[4] MergerCo is a wholly owned direct subsidiary of EarthLink created for the purposes of the Proposed Transaction.

CASE NO. PUC-2010-00068
NOVEMBER 30, 2010

JOINT PETITION OF
BIRCH COMMUNICATIONS OF VIRGINIA, INC. d/b/a BIRCH COMMUNICATIONS,
and
CLOSECALL AMERICA, INC. OF VIRGINIA,
AMERICAN FIBER NETWORK OF VIRGINIA, INC.

For approval to transfer the customers and assets of CloseCall America, Inc. of Virginia, and American Fiber Network of Virginia, Inc., to Birch Communications of Virginia, Inc. d/b/a Birch Communications, pursuant to Va. Code §§ 56-88 *et seq*.

ORDER GRANTING APPROVAL

On October 22, 2010, Birch Communications of Virginia, Inc. d/b/a Birch Communications ("Birch"), CloseCall America, Inc. of Virginia ("CCA"), and American Fiber Network of Virginia, Inc. ("AFN"), (collectively, the "Joint Petitioners"), filed a Joint Petition and Request for Streamlined Review ("Joint Petition") with the State Corporation Commission ("Commission"), pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"),[1] for approval to transfer the customers and assets of CCA and AFN to Birch. The Joint Petitioners also filed a Joint Application with the Federal Communications Commission ("FCC") under the FCC's Streamlined Review process, which was accepted as such on October 19, 2010.

The Joint Petitioners filed the Joint Petition with the Commission under seal, pursuant to 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure ("Commission's Rules") regarding confidential information, in order to obtain confidential treatment of Exhibit B-I of the Joint Petition, which contains the confidential Sale Agreement, and Exhibit B-2 of the Joint Petition, which contains the confidential financial statements of Birch's current

[1] Va. Code §§ 56-88 *et seq*.

parent company, Birch Communications, Inc. ("BCI"), (Exhibit B-1 and Exhibit B-2 of the Joint Petition collectively, the "Confidential Exhibits").[2] Rule 5 VAC 5-20-170 states, in part: "When an application (including supporting documents and prefiled testimony) contains information that the applicant claims to be confidential, the filing shall be made under seal and accompanied by a motion for protective order or other confidential treatment." Therefore, on October 22, 2010, concurrently with the Joint Petition and pursuant to 5 VAC 5-20-110 and 5 VAC 5-20-170 of the Commission's Rules, the Joint Petitioners filed with the Commission a Motion for Protective Order ("Motion") to obtain confidential treatment of the information contained in the Confidential Exhibits. On October 27, 2010, the Commission Staff ("Staff") filed a Memorandum of Completeness, which deemed the Joint Petition complete as of October 22, 2010, and accepted it under the Commission's Streamlined Review process as of October 26, 2010.

CCA is a Virginia corporation with its principal business headquarters in Stevensville, Maryland. CCA is a direct wholly owned subsidiary of CloseCall America, Inc., which, in turn, is a direct wholly owned subsidiary of MobilePro Corporation ("MobilePro"). In Virginia, CCA is certificated as a competitive local exchange carrier ("CLEC") to provide both local exchange and interexchange telecommunications services pursuant to its certificates of public convenience and necessity ("CPCNs"), Certificate Nos. T-665 and TT-231A, respectively, issued pursuant to the Commission's Final Order entered May 2, 2007, in Case No. PUC-2006-00087. CCA currently has eleven customers in Virginia receiving both local and long-distance telecommunications services and 244 customers receiving long-distance services only.

AFN is a Virginia corporation with its principal business headquarters in Overland Park, Kansas. AFN is a direct wholly owned subsidiary of American Fiber Network, Inc., which, in turn, is a direct wholly owned subsidiary of MobilePro. In Virginia, AFN is certificated as a CLEC to provide local exchange telecommunications services pursuant to its CPCN, Certificate No. T-493, issued pursuant to the Commission's Final Order entered June 23, 2000, in Case No. PUC-1999-00221. AFN currently has 135 residential customers and two business customers in Virginia receiving local exchange and resold interexchange telecommunications services.

Birch is a Virginia corporation with its headquarters in Atlanta, Georgia, and its principal place of business in Kansas City, Missouri. Birch is a direct wholly owned subsidiary of BCI, a Georgia corporation, which, in turn, is a wholly owned subsidiary of Birch Communications Holdings, Inc. BCI and its subsidiaries provide telecommunications services to both business and residential customers in thirty-four states. In Virginia, Birch currently has an application pending before the Commission for CPCNs to provide both competitive local exchange and interexchange telecommunications services in Virginia.[3]

Birch, CCA, and AFN (CCA and AFN collectively, "Sellers") request Commission approval to transfer substantially all of Sellers' telecommunications assets (excluding their respective CPCNs) and Virginia customers to Birch (the "Proposed Transaction"). Pursuant to a Sale Agreement ("Agreement") Pursuant to Article 9 of the Uniform Commercial Code dated as of September 3, 2010, Birch's parent company, BCI, agreed to purchase the assets and customer base of Sellers. The assets to be purchased include customer accounts, accounts receivable, customer agreements and contracts, vendor agreements and contracts, and intellectual property associated with the customers currently receiving telecommunications services from CCA and AFN. Upon completion of the Proposed Transaction, all of Sellers' Virginia customers will become customers of Birch, and Sellers will no longer offer telecommunications services in Virginia.[4]

The Joint Petition states that, following approval of the Proposed Transaction, Birch will adopt Sellers' tariffs or file any necessary revisions to its tariffs and published service offerings to incorporate the Sellers' current services and rates so that the affected customers in Virginia will continue to receive the same services that they currently receive without any immediate changes to the service offerings, rates, terms or conditions.

However, the Joint Petitioners later clarified that, due to billing system limitations, Birch will not be able to provide measured local service plans to existing AFN or CCA customers. Instead, Birch will provide unlimited local service on all Virginia lines. This change will impact approximately five (5) Virginia customers that currently have measured usage service from AFN or CCA.

Birch will also be changing the names of its bundled service products following the completion of the Proposed Transaction. The name on the invoice of the bundled local service products provided to Virginia customers will change to BirchNet Value Line, BirchNet Basic Plus, or Birch Breeze. The Joint Petitioners state that Birch's tariffs to be filed in conjunction with its application for CPCNs in Case No. PUC-2010-00060 will include a chart that will cross-reference the new Birch bundle name with the previously used AFN/CCA bundle name. The bundled product name change will impact approximately thirty-eight (38) customers currently receiving bundled local service from AFN or CCA. Birch will also be offering additional products, BirchNet Essentials and BirchNet Basic Line, to customers going forward.

The Joint Petitioners represent that, although the Proposed Transaction will affect all of Sellers' current Virginia customers, no customer will experience any material changes to the rates, terms, or conditions of the services they are currently provided by Sellers and, therefore, the Proposed Transaction will be virtually transparent to CCA and AFN customers.

NOW THE COMMISSION, upon consideration of the Joint Petition, representations of the Joint Petitioners, and having been advised by its Staff, is of the opinion and finds that the Joint Petitioners' Motion is no longer necessary and should, therefore, be denied.[5] The Commission is further of the

[2] The Joint Petitioners state that the information contained in the Confidential Exhibits is extremely sensitive and private financial data and other proprietary information that could be used by competitors of CCA, AFN, Birch, and BCI (collectively, the "Companies"), to cause competitive harm. The Joint Petitioners further state that, because the Companies are operating in a highly competitive market, public disclosure of the information contained in the Confidential Exhibits would adversely disadvantage the Companies and, therefore, release of such information to the public could cause undue economic damage and substantially harm the Companies' ability to compete in the telecommunications marketplace.

[3] *See Application of Birch Communications of Virginia, Inc., For a certificate of public convenience and necessity to provide local exchange and interexchange telecommunications services*, Case No. PUC-2010-00060.

[4] The Joint Petitioners state that, once Sellers determine that they no longer need their respective authorizations for operational or billing purposes, CCA and AFN will notify the Commission of their intent to surrender their respective CPCNs and cancel their tariffs in Virginia in a separate filing.

[5] The Commission held the Joint 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 Joint 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.

opinion and finds that the above-described Proposed Transaction, resulting in the transfer of the customers and assets of CCA and AFN to Birch, will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved. However, such approval is subject to Birch obtaining the CPCNs in Case No. PUC-2010-00060.

Accordingly, IT IS ORDERED THAT:

(1) The Joint Petitioners' Motion for Protective Order is hereby denied ; however, we direct the Clerk of the Commission to retain the confidential information, to which the Motion pertains, under seal.

(2) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Joint Petitioners are hereby granted approval to transfer the customers and assets of CloseCall America, Inc. of Virginia, and American Fiber Network of Virginia, Inc., to Birch Communications of Virginia, Inc. d/b/a Birch Communications, as described herein, subject to Birch Communications of Virginia, Inc., obtaining its certificates of public convenience and necessity in Case No. PUC-2010-00060.

(3) The Joint Petitioners shall file a report of the action taken pursuant to the approval granted herein within thirty (30) days of the Proposed Transaction taking place, subject to administrative extension by the Commission's Director of Public Utility Accounting. Such report shall include the date the Proposed Transaction took place.

(4) Upon completion of the Proposed Transaction and the issuance by the Commission of the certificates of public convenience and necessity requested by Birch Communications of Virginia, Inc., in Case No. PUC-2010-00060, the Joint Petitioners shall file a letter with the Clerk of the Commission, with a copy provided to the Division of Communications, requesting that the current certificates of public convenience and necessity issued to CloseCall America, Inc. of Virginia, Certificate Nos. T-665 and TT-231A, and American Fiber Network of Virginia, Inc., Certificate No. T-493, be canceled.

(5) There appearing nothing further to be done in this matter, it hereby is dismissed.

CASE NO. PUC-2010-00070
DECEMBER 28, 2010

JOINT APPLICATION OF
CYPRESS COMMUNICATIONS HOLDING COMPANY OF VIRGINIA, LLC,
TECHINVEST HOLDING COMPANY, INC.,
and
THE BROADVOX HOLDING COMPANY, LLC,
BROADVOX, INC.,
ANDRE TEMNOROD

For approval of the transfer of control of Cypress Communications Holding Company of Virginia, LLC, from TechInvest Holding Company, Inc., to The Broadvox Holding Company, LLC, pursuant to Va. Code §§ 56-88 *et seq.*

ORDER GRANTING APPROVAL

On October 29, 2010, Cypress Communications Holding Company of Virginia, LLC ("Cypress VA"), TechInvest Holding Company, Inc. ("THC"), and The Broadvox Holding Company, LLC ("Broadvox"), (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"),[1] for approval of the transfer of control of Cypress VA from THC to Broadvox.

The Applicants filed the application with the Commission under seal, pursuant to 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure ("Commission's Rules") regarding confidential information, in order to obtain confidential treatment of Confidential Attachments 1, 2 and 3 to Exhibit E of the application (collectively, the "Confidential Attachments"), which contain the Agreement and Plan of Merger, the audited consolidated financial statements of Broadvox, Inc., and the audited consolidated financial statements of Cypress Communications Holding Co., Inc., respectively.[2] Rule 5 VAC 5-20-170 states, in part: "When an application (including supporting documents and prefiled testimony) contains information that the applicant claims to be confidential, the filing shall be made under seal and accompanied by a motion for protective order or other confidential treatment." Therefore, on November 1, 2010, concurrently with the Confidential Attachments and pursuant to 5 VAC 5-20-110 and 5 VAC 5-20-170 of the Commission's Rules, the Applicants filed with the Commission a Motion for Protective Order ("Motion") to obtain confidential treatment of the information contained in the Confidential Attachments.

[1] Va. Code §§ 56-88 *et seq.*

[2] The Confidential Attachments were filed with the Commission under seal, pursuant to 5 VAC 5-20-170 of the Commission's Rules, under separate cover on November 1, 2010. The Applicants state that the information contained in the Confidential Attachments is extremely sensitive and could be used by competitors to gain insight into the Applicants' internal business operations and other information damaging to the Applicants and, therefore, disclosure of such information would be extremely detrimental and could be used by the Applicants' competitors to materially affect the Applicants' ability to compete effectively.

On November 10, 2010, the Applicants filed a Supplement to Case No. PUC-2010-00070 ("Supplement") with the Commission, in which they added Broadvox, Inc. ("Broadvox Parent"), and Andre Temnorod ("Mr. Temnorod") as Applicants in this proceeding.[3] Accordingly, Cypress VA, THC, Broadvox, Broadvox Parent, and Mr. Temnorod are referred to herein collectively as the "Joint Applicants," and the application and Supplement are referred to herein collectively as the "Joint Application." On November 18, 2010, Staff filed a Memorandum of Completeness, which deemed the Joint Application complete as of November 10, 2010.

Cypress VA is a limited liability company organized under the laws of the Commonwealth of Virginia with its principal business headquarters in Atlanta, Georgia. Cypress VA and its sister company, Cypress Communications Operating Company, LLC ("Cypress"), (collectively, the "Cypress Companies"), provide voice and data telecommunications services and information services to approximately 5,000 small- and medium-sized business customers. The Cypress Companies offer their customers integrated service bundles that may include local, long-distance, and international telecommunications services; toll-free telecommunications services; high-speed Internet access; voicemail services; e-mail services; unified messaging; firewall services; web hosting; virtual private networks; and audio and web conferencing. Cypress holds domestic and international authority from the Federal Communications Commission ("FCC"), as well as certificates to provide local and intrastate toll services in thirty-one states. In Virginia, Cypress VA is certificated as a competitive local exchange carrier ("CLEC") to provide both local exchange and interexchange telecommunications services pursuant to its certificates of public convenience and necessity ("CPCNs"), Certificate Nos. T-590a and TT-181B, respectively, issued pursuant to the Commission's Final Order entered July 6, 2005, in Case No. PUC-2005-00070.[4] Cypress VA currently has 327 voice grade access lines in Virginia.

Cypress VA is a direct wholly owned subsidiary of Cypress Communications, Inc., a Delaware corporation, which, in turn, is a wholly owned subsidiary of Cypress Communications Holding Company ("Cypress Holding"), a Delaware corporation and a holding company. Cypress Holding is a direct wholly owned subsidiary of THC, which is also a Delaware corporation. Thus, Cypress VA is an indirect wholly owned subsidiary of THC. THC is ultimately controlled by Arcapita Bank B.S.C.(c) ("Arcapita"), a joint stock company that is organized under the laws of the Kingdom of Bahrain and that holds, indirectly, a majority of Cypress VA's membership interests. Arcapita is a private equity firm whose U.S. operations are based in Atlanta, Georgia. Arcapita's role in relation to the Cypress Companies has been to provide financial support as well as management and strategic advice, while the day-to-day operations of Cypress VA are handled by Cypress.

Broadvox is a Delaware limited liability company with its principal business headquarters in Cleveland, Ohio. Broadvox is a holding company that operates through its subsidiaries, including BroadvoxGO! LLC ("BroadvoxGO"); Broadvox, LLC ("Broadvox Wholesale"); Brivia Acquisition, LLC ("Brivia"); and Origination Technologies, LLC ("Origination"). Another Broadvox subsidiary, Broadvox-CLEC, LLC ("Broadvox-CLEC"), holds licenses and certificates authorizing it to provide telecommunications services, but does not currently provide services to any customers. Broadvox-CLEC, BroadvoxGO, Broadvox Wholesale, and Origination are Delaware limited liability companies. Brivia is an Ohio limited liability company.

Through its subsidiaries, Broadvox provides unregulated IP-based information services to approximately 300 wholesale carriers and over 3,500 small- and medium-sized businesses and enterprise retail customers. However, no Broadvox entity (including any Broadvox affiliate) currently provides either domestic or international telecommunications services. Broadvox-CLEC holds international Section 214 authority from the FCC and holds or has applied for certificates to provide local and intrastate toll services in forty-three states. In Virginia, Broadvox-CLEC is certificated as a CLEC to provide both local exchange and interexchange telecommunications services pursuant to its CPCNs, Certificate Nos. T-689 and TT-248A, respectively, issued pursuant to the Commission's Final Order entered September 8, 2009, in Case No. PUC-2009-00025.

Broadvox is a direct wholly owned subsidiary of Broadvox Parent, an Ohio company and a holding company. Three (3) individuals, all U.S. citizens, hold a ten percent (10%) or greater interest in Broadvox Parent: Mr. Temnorod, the Chairman and Chief Executive Officer of Broadvox Parent, holds a 43.66% ownership interest in Broadvox Parent; Eugene Blumin, the Chief Operating Officer of Broadvox Parent, holds a 21.83% ownership interest in Broadvox Parent; and Alex Bederman, whose principal business is investment, also holds a 21.83% ownership interest in Broadvox Parent. No other entity or individual holds a 10% or greater ownership interest in Broadvox Parent.

The Joint Applicants request Commission approval to consummate a merger transaction resulting in the transfer of control of Cypress VA from its existing ultimate parent, THC, to Broadvox and, ultimately, Broadvox Parent and Mr. Temnorod (the "Proposed Transaction"). Pursuant to an Agreement and Plan of Merger ("Agreement") dated October 12, 2010, by and among Broadvox Parent, Broadvox, CCI Acquisition Corp. ("CCI Acquisition"),[5] and THC, CCI Acquisition will merge with and into THC, with THC continuing as the surviving corporation. Upon completion of the Proposed Transaction, THC will become a direct wholly owned subsidiary of Broadvox and, therefore, Cypress VA will become an indirect wholly owned subsidiary of Broadvox.

Immediately before closing the Proposed Transaction, Arcapita will reorganize the corporate structure of Cypress VA. The Joint Applicants state that this pro forma reorganization is for tax purposes and is intended to facilitate the Proposed Transaction. Following the completion of the Proposed Transaction, Arcapita will have no ongoing equity interests in either Cypress VA or Broadvox, and no form of control or management oversight.

The Joint Applicants state that, upon completion of the Proposed Transaction, the financial, technical, and managerial resources that Broadvox will bring to Cypress VA will enhance Cypress VA's ability to compete in the telecommunications and information services marketplace. The Joint Applicants further state that Broadvox and its current subsidiaries are established providers of IP-based services to wholesale and business customers, and

[3] Broadvox Parent and Mr. Temnorod were added as Applicants in this proceeding because Mr. Temnorod owns 43.66% of Broadvox Parent, which owns 100% of Broadvox and, therefore, Mr. Temnorod and Broadvox Parent are considered to be acquiring ultimate control of Cypress VA as a result of the proposed transaction.

[4] Certificate Nos. T-590 and TT-181A were issued by the Commission to Cypress Communications Holding Company of Virginia, Inc. ("Cypress-Inc"), in Case No. PUC-2002-00104 on September 3, 2002, prior to Cypress-Inc's name change to Cypress Communications Holding Company of Virginia, LLC, which occurred on March 8, 2005, as the result of a corporate conversion. On July 6, 2005, in Case No. PUC-2005-00070, the Commission canceled the CPCNs issued to Cypress-Inc and reissued them in the name of Cypress Communications Holding Company of Virginia, LLC. *See Application of Cypress Communications Holding Company of Virginia, Inc., To reissue certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services to reflect new corporate name,* Case No. PUC-2005-00070, 2005 S.C.C. Ann. Rept. 274-75, Final Order (July 6, 2005).

[5] CCI Acquisition is a newly formed, wholly owned subsidiary of Broadvox created for the purposes of effectuating the Proposed Transaction.

that Broadvox's history of providing quality services to its customers demonstrates that it is technically and financially qualified to own and operate Cypress VA as proposed in the Agreement.

The only change that will occur as a result of the Proposed Transaction will be the transfer of ultimate control of Cypress VA from THC to Broadvox and, ultimately, Broadvox Parent and Mr. Temnorod, resulting in a change in ultimate ownership but not direct ownership. No other change will take place. The Joint Applicants represent that, immediately following the closing of the Proposed Transaction, Cypress VA will continue to offer the same telecommunications services under the same rates, terms and conditions of service as currently provided, pursuant to its existing CPCNs. The Joint Applicants further represent that the transfer of control of Cypress VA as a result of the Proposed Transaction will not involve a transfer in operating authority, assets or customers of Cypress VA and, therefore, the Proposed Transaction is expected to be seamless to Cypress VA's customers in Virginia.

NOW THE COMMISSION, upon consideration of the Joint Application, representations of the Joint Applicants, and having been advised by its Staff, is of the opinion and finds that the Joint Applicants' Motion is no longer necessary and should, therefore, be denied.[6] The Commission is also of the opinion and finds that the above-described Proposed Transaction, resulting in the transfer of control of Cypress VA from THC to Broadvox, will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

(1) The Joint Applicants' Motion for Protective Order is hereby denied; however, we direct the Clerk of the Commission to retain the confidential information, to which the Motion pertains, under seal.

(2) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Joint Applicants are hereby granted approval to consummate the Proposed Transaction to allow for the transfer of control of Cypress Communications Holding Company of Virginia, LLC, from TechInvest Holding Company, Inc., to The Broadvox Holding Company, LLC, as described herein.

(3) The Joint Applicants shall file a report of the action taken pursuant to the approval granted herein within thirty (30) days of the Proposed Transaction taking place, subject to administrative extension by the Commission's Division of Public Utility Accounting. Such report shall include the date the Proposed Transaction took place.

(4) There appearing nothing further to be done in this matter, it hereby is dismissed.

[6] The Commission held the Joint Applicants' Motion in abeyance. We note that the Commission has received no request for leave to review the confidential information contained in the Confidential Attachments filed by the Joint Applicants in this proceeding. Accordingly, we deny the Motion as moot but direct the Clerk of the Commission to retain the confidential information, to which the Motion pertains, under seal.

CASE NO. PUC-2010-00073
DECEMBER 16, 2010

APPLICATION OF
CHOICE ONE COMMUNICATIONS RESALE L.L.C.

For cancellation of a certificate of public convenience and necessity to provide local exchange telecommunications services

ORDER CANCELING CERTIFICATE

By Order dated September 28, 2009,[1] the State Corporation Commission ("Commission") issued certificate of public convenience and necessity No. T-691 permitting the provision of local exchange telecommunications services to Choice One Communications Resale L.L.C. ("Choice One" or "Company").

By letter dated November 17, 2010, the Company requested cancellation of its certificate, advising that Choice One has no customers in Virginia and has no plans for future operations in Virginia.

NOW THE COMMISSION, being sufficiently advised, will cancel Certificate No. T-619, previously issued to Choice One.

Accordingly, IT IS ORDERED that:

(1) This matter shall be docketed as Case No. PUC-2010-00073.

(2) Certificate No. T-691, issued to Choice One Communications Resale L.L.C., is hereby cancelled.

(3) This matter is dismissed.

[1] *Application of Choice One Communications Resale L.L.C., For a certificate of public convenience and necessity to provide local exchange telecommunications services*, Case No. PUC-2009-00032, Final Order (Sept. 28, 2009).

CASE NO. PUC-2010-00076
DECEMBER 16, 2010

APPLICATION OF
VARIOUS TERMINATED CARRIERS

For cancellation of certificates of public convenience and necessity to provide local exchange and/or interexchange telecommunications services

ORDER CANCELING CERTIFICATES

By previous Orders issued at various times in numerous cases, the State Corporation Commission ("Commission") granted the following certificates of public convenience and necessity (Certificates"), permitting the provision of local exchange and/or interexchange telecommunications services, to the telecommunications carriers listed below:

VF Communications, Inc.	(Certificate Nos. T-381a and TT-36B);
Statdirect, Inc.	(Certificate No. T-427); and
TalkingNets Holdings, LLC	(Certificate Nos. T-524 and TT-120A).[1]

The foregoing telecommunications carriers have been notified by the Commission of the termination of their corporate existences for failure to pay annual registration or other fees. As a result, these companies are no longer authorized to transact business in the Commonwealth of Virginia. Therefore, the Commission finds that the above-named Certificates should be cancelled.

NOW THE COMMISSION, being sufficiently advised, will cancel the telecommunications carriers' Certificates listed above.

Accordingly, IT IS ORDERED THAT:

(1) This matter shall be docketed as Case No. PUC-2010-00076.

(2) Certificate Nos. T-381a, -427, -524, and Nos. TT-36B and -120A issued to the telecommunications carriers named above are hereby cancelled.

(3) This matter is dismissed.

[1] Certificates bearing a "T" designation permit the provision of local exchange telecommunications services, while certificates bearing a "TT" designation permit the provision of interexchange telecommunications services.

CASE NO. PUC-2010-00077
DECEMBER 16, 2010

APPLICATION OF
CLM TELCOM LLC

For cancellation of certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

ORDER CANCELING CERTIFICATES

By previous Orders issued at various times in other dockets, the State Corporation Commission ("Commission") issued Certificates of Public Convenience and Necessity ("Certificate") No. T-604 permitting the provision of local exchange telecommunications services and No. TT-188A permitting the provision of interexchange telecommunications services to CLM Telcom LLC ("CLM" or "Company").

The foregoing telecommunications carrier has been notified by the Commission of the termination of its corporate existence for its failure to pay annual registration or other fees. As a result, the Company is no longer authorized to transact business in the Commonwealth of Virginia. Therefore, the Commission finds that the above-named Certificates should be canceled.

NOW THE COMMISSION, being sufficiently advised, will cancel Certificate Nos. T-604 and TT-188A, previously issued to CLM.

Accordingly, IT IS ORDERED that:

(1) This matter shall be docketed as Case No. PUC-2010-00077.

(2) Certificate Nos. T-604 and TT-188A, issued to CLM Telcom LLC, are hereby cancelled.

(3) This matter is hereby dismissed from the Commission's docket of active cases.

DIVISION OF ENERGY REGULATION

CASE NO. PUE-1991-00016
JUNE 29, 2010

APPLICATION OF
THE POTOMAC EDISON COMPANY d/b/a ALLEGHENY POWER

To revise its cogeneration tariff

DISMISSAL ORDER

On February 4, 1991, The Potomac Edison Company d/b/a Allegheny Power ("Potomac Edison" or "Company") submitted an application to the State Corporation Commission ("Commission") to support the Company's proposal to increase the rates to be paid for power purchased from cogeneration and small power production facilities.

On March 29, 1991, the Commission issued an Order Establishing 1991/1992 Cogeneration Rate in which it found that the rate increase sought by Potomac Edison was just and reasonable and, therefore, the Commission approved the Company's request, continuing the case generally.

On September 15, 2009, Rappahannock Electric Cooperative, Shenandoah Valley Electric Cooperative (collectively, the "Cooperatives"), and Potomac Edison (with the Cooperatives, collectively, the "Joint Petitioners") filed a Joint Petition with the Commission requesting, among other things, approval of a transaction that would result in the sale to the Cooperatives of Potomac Edison's electric distribution facilities used in connection with the retail sale and distribution of electric power in its Virginia service territory (the "Transaction").[1]

On May 14, 2010, the Commission granted the Joint Petition, subject to certain requirements to which the Joint Petitioners agreed.

On June 1, 2010, the Joint Petitioners completed the Transaction, and the Cooperatives began to provide retail electric service to the customers of Potomac Edison. As a result of the Transaction, Potomac Edison no longer provides retail electric service to customers in Virginia and, therefore, will no longer purchase power from cogeneration or small power production facilities.

On June 15, 2010, the Company filed with the Commission a Motion to Dismiss this proceeding and stated that counsel for Staff does not oppose the Motion.

NOW THE COMMISSION, being sufficiently advised, is of the opinion and finds that Potomac Edison's Motion to Dismiss should be granted.

Accordingly, IT IS ORDERED THAT:

(1) The Company's Motion to Dismiss is hereby granted.

(2) This case is hereby dismissed from the Commission's docket of active cases, and the papers filed herein shall be placed in the Commission's file for ended causes.

Commissioner Jagdmann did not participate in this decision.

[1] *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.

CASE NOS. PUE-1991-00036, PUE-1994-00064, PUE-1996-00365, PUE-1999-00716, PUE-2002-00378, PUE-2003-00286, PUE-2004-00128, AND PUE-2005-00090
SEPTEMBER 24, 2010

COMMONWEALTH OF VIRGINIA
At the relation of the
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") will close certain fuel factor cases related to Appalachian Power Company ("APCo" or "Company") that remain open on the Commission's docket. We are advised by the Commission Staff ("Staff") that all necessary audits and reviews of these cases have been completed and that these cases can now be closed. Specifically, the Staff has reported to the Commission that the Staff has found no material discrepancies in fuel expense per books and fuel expense per the Company's Fuel Monitoring System ("FMS") reports.

In summary, having been advised by the Staff that all necessary audits and reviews concerning these cases have been completed, the Commission will order them closed on its own motion. The Commission is further advised by the Staff that the Company has no objection to the entry of a Commission order closing these cases.

Accordingly, IT IS HEREBY ORDERED THAT:

(1) Pending fuel factor cases PUE-1991-00036, PUE-1994-00064, PUE-1996-00365, PUE-1999-00716, PUE-2002-00378, PUE-2003-00286, PUE-2004-00128 and PUE-2005-00090 are hereby closed.

(2) There being nothing further to come before the Commission, these matters are dismissed from the Commission's docket of active cases, and the records developed therein shall be placed in the file for ended cases.

CASE NO. PUE-1993-00061
JUNE 30, 2010

APPLICATION OF
THE POTOMAC EDISON COMPANY d/b/a ALLEGHENY POWER

For approval of a pilot conservation load management project

DISMISSAL ORDER

On September 2, 1993, The Potomac Edison Company d/b/a Allegheny Power ("Potomac Edison" or "Company") submitted an application to the State Corporation Commission ("Commission") requesting approval for a pilot conservation load management program in which the Company would install energy efficient lighting at Shenandoah University and Lord Fairfax Community College ("Schools") and reimburse the Schools for the cost of retrofitting.

On January 26, 1994, the Commission issued an Order Granting Approval in which it found that Potomac Edison's application was in the public interest and should be approved with certain additional reporting requirements, continuing the case generally.

On September 15, 2009, Rappahannock Electric Cooperative, Shenandoah Valley Electric Cooperative (collectively, the "Cooperatives"), and Potomac Edison (with the Cooperatives, collectively, the "Joint Petitioners") filed a Joint Petition with the Commission requesting, among other things, approval of a transaction that would result in the sale to the Cooperatives of Potomac Edison's electric distribution facilities used in connection with the retail sale and distribution of electric power in its Virginia service territory (the "Transaction").[1]

On May 14, 2010, the Commission granted the Joint Petition, subject to certain requirements to which the Joint Petitioners agreed.

On June 1, 2010, the Joint Petitioners completed the Transaction, and the Cooperatives began to provide retail electric service to the customers of Potomac Edison. As a result of the Transaction, Potomac Edison no longer provides retail electric service to customers in Virginia and, therefore, will no longer provide conservation load management programs, including the program approved in this case.

On June 15, 2010, the Company filed with the Commission a Motion to Dismiss this proceeding and stated that counsel for Staff does not oppose the Motion.

NOW THE COMMISSION, being sufficiently advised, is of the opinion and finds that Potomac Edison's Motion to Dismiss should be granted.

Accordingly, IT IS ORDERED THAT:

(1) The Company's Motion to Dismiss is hereby granted.

(2) This case is hereby dismissed from the Commission's docket of active cases, and the papers filed herein shall be placed in the Commission's file for ended causes.

Commissioner Jagdmann did not participate in this decision.

[1] *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.

CASE NO. PUE-2000-00736
JUNE 29, 2010

APPLICATION OF
THE POTOMAC EDISON COMPANY d/b/a ALLEGHENY POWER

Ex Parte: The Potomac Edison Company d/b/a Allegheny Power – Regional Transmission Entities

DISMISSAL ORDER

On October 16, 2000, The Potomac Edison Company d/b/a Allegheny Power ("Potomac Edison" or "Company") filed an application with the State Corporation Commission ("Commission") requesting that the Commission accept the October 5, 2000 Memorandum of Agreement between itself and PJM Interconnection, L.L.C. ("PJM"), as a statement of the Company's commitment to join or establish a regional transmission entity.

On October 8, 2004, the Commission issued an Order approving the application to transfer functional and operational control of its transmission facilities to PJM, continuing the case generally.

On September 15, 2009, Rappahannock Electric Cooperative, Shenandoah Valley Electric Cooperative (collectively, the "Cooperatives"), and Potomac Edison (with the Cooperatives, collectively, the "Joint Petitioners") filed a Joint Petition with the Commission requesting, among other things, approval of a transaction that would result in the sale to the Cooperatives of Potomac Edison's electric distribution facilities used in connection with the retail sale and distribution of electric power in its Virginia service territory (the "Transaction").[1]

On May 14, 2010, the Commission granted the Joint Petition, subject to certain requirements to which the Joint Petitioners agreed.

On June 1, 2010, the Joint Petitioners completed the Transaction, and the Cooperatives began to provide retail electric service to the customers of Potomac Edison. As a result of the Transaction, Potomac Edison no longer provides retail electric service to customers in Virginia.

On June 15, 2010, the Company filed with the Commission a Motion to Dismiss this proceeding and stated that counsel for Staff does not oppose the Motion.

NOW THE COMMISSION, being sufficiently advised, is of the opinion and finds that Potomac Edison's Motion to Dismiss should be granted.

Accordingly, IT IS ORDERED THAT:

(1) The Company's Motion to Dismiss is hereby granted.

(2) This case is hereby dismissed from the Commission's docket of active cases, and the papers filed herein shall be placed in the Commission's file for ended causes.

[1] *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.

CASE NO. PUE-2005-00115
MARCH 16, 2010

APPLICATION OF
CAROLINE WATER COMPANY, INC. D/B/A LADYSMITH WATER COMPANY

For changes in rates, rules and regulations

ORDER

On February 26, 2010, the Staff of the State Corporation Commission ("Commission") filed a Motion for Rule to Show Cause ("Motion") asking that the Commission require Caroline Water Company, Inc. d/b/a Ladysmith Water Company ("Caroline Water" or the "Company") to show cause why a receiver should not be appointed to operate the Company due to the Company's alleged gross mismanagement of its business and in order to prevent imminent hazard to the health of its customers. According to the Motion, the Company has been receiving water from Caroline County (the "County") since the failure of the Company's water treatment facility. On February 22, 2010, the County provided notice to the Company that payment was required by the close of business on March 1, 2010, or service could be disconnected on March 2, 2010.[1]

By Order issued February 26, 2010, the Commission directed Caroline Water to appear at a hearing on March 1, 2010, to respond to the allegations contained in the Motion and to show cause why a receiver should not be appointed to operate the Company. At the hearing on March 1, 2010, the County asserted that Caroline Water owed the County the total amount of $123,110.53, including a past due balance of $107,994.99. The Company

[1] *See* Affidavit of Marc A. Tufaro, dated February 26, 2010, adopted by Mr. Tufaro as his testimony at the hearing on March 1, 2010. *See also* Transcript of March 1, 2010 Hearing ("Tr.") at 43.

disputed this total, arguing that amounts included in the total from service provided in 2007 and a late payment penalty imposed in February 2010 are each inappropriate. However, the Company did not dispute that it owed the County over $90,000 for water used.[2]

Despite maintaining that Caroline Water owed the County the total amount of $123,110.53, the County indicated at the hearing that it would be willing to accept an immediate payment of $75,000, with the remainder to be paid within sixty days.[3] The County also agreed to continue providing water service to the Company for 48 hours, and the Company agreed to cease making all expenditures for 48 hours, pending a further ruling of the Commission.[4]

On March 2, 2010, the Commission issued an Order requiring Caroline Water to pay the County $75,000 and provide proof of such payment by March 3, 2010. Caroline Water made the required payment and provided timely proof of such payment to the Commission. However, for the reasons set forth in the Commission's March 2, 2010 Order, the Commission concludes that further action is necessary to prevent future hazard to the health of the Company's customers.

NOW THE COMMISSION, upon consideration of this matter and the evidence produced at the March 1, 2010 hearing,[5] finds that the Company should be required to pay Caroline County $19,949.80 within thirty (30) days of the date of this Order, in addition to making timely payment for ongoing deliveries of water by the County. The Commission will also schedule another hearing to consider, and take evidence regarding, whether a receiver should be appointed to operate the Company pursuant to Va. Code § 56-265.13:6.1. Finally, we find it appropriate to require the Company to submit monthly financial reports to the Commission's Division of Public Utility Accounting pending further order of the Commission.

Accordingly, IT IS ORDERED THAT:

(1) Caroline Water Company d/b/a Ladysmith Water shall cause to be paid, via payment methods suitable to the payee, $19,949.80 to the Caroline County Department of Public Utilities. Such payment shall be made within thirty (30) days of the date of this Order.

(2) Caroline Water shall provide proof of such payment or payments to the Commission's Division of Energy Regulation no later than 4:00 p.m. on April 15, 2010.

(3) Caroline Water shall make timely payment to the County of all future bills for water delivery in addition to the payment directed herein.

(4) On or before April 20, 2010, the Staff shall file a Petition detailing its reasons for seeking a receivership.

(5) On or before April 27, 2010, Caroline Water shall file a response to the Petition filed in accordance with Ordering Paragraph (4).

(6) A public hearing shall be convened on May 4, 2010, at 10:00 a.m., in the Commission's Courtroom, Second Floor, Tyler building, 1300 East Main Street, Richmond, Virginia, to receive further evidence in this matter.

(7) Caroline Water shall submit verified monthly financial reports to the Commission's Division of Public Utility Accounting. Such reports shall show customer billings, customer payments received, expenses incurred, checks written or other payments made, and a listing of all company bank balances. The first monthly report, for the month ending March 31, 2010, is due within thirty (30) days from the date of this Order, and shall include, in addition to the information set forth above, a complete listing of the Company's Accounts Payable. All subsequent reports shall be due by the 15th of each month. The submission of such reports shall continue until further order of the Commission.

(8) This case is continued.

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[2] *See* Tr. at 38 (Jacoby) (acknowledging that the Company owed the County "about $94,000, or so.") *See also* Tr. at 76-77 (Boryschuk) (testifying that the Company owed the County $94,949.80 for water consumption).

[3] Tr. at 164.

[4] Tr. at 164, 181.

[5] Such evidence includes the Affidavit of William Seltzer, President of Caroline Water, which was filed with the Commission on March 2, 2010, in accordance with a directive from the Commission.

CASE NO. PUE-2006-00088
MARCH 18, 2010

PETITION OF
SYDNOR UTILITIES, INC.

For authority to transfer utility assets from Realty Ventures Group, Inc., and Balducci Developers, L.L.C., to Sydnor Utilities, Inc., and for certificate of public convenience and necessity

ORDER GRANTING APPROVAL OF TRANSFER

On August 7, 2006, Sydnor Utilities, Inc. ("Sydnor" or "Petitioner"), filed an incomplete petition with the State Corporation Commission ("Commission") for approval of the transfer of the Scot's Landing water system from Hanovertown L.L.C. to Sydnor. On July 28, 2008, the Petitioners filed the necessary documents to complete the petition. The Commission granted approval of the transfer in its Order Granting Approval of Transfer dated March 12, 2009 ("March 12 Order"). In the course of reviewing the petition, Staff found that Sydnor had acquired additional water systems prior to filing for, and receiving, Commission approval. In the March 12 Order, the Commission ordered Sydnor to file, within thirty (30) days of the date of the March 12

Order, an application for approval of the transfer of the Tilman's Farm and Cedar Crest water systems. On April 3, 2009, Sydnor filed a letter requesting an extension of time to an uncertain date to file the required application. On April 30, 2009, Sydnor filed a second letter, which clarified its request for an extension of time through August 31, 2009. The Commission granted the extension of time in its Order Granting Extension dated May 29, 2009.

On September 8, 2009, Sydnor filed its application for approval of the transfer of the Tilman's Farm and Cedar Crest water systems. The application requests approval of the transfer of the Tilman's Farm and Cedar Crest water systems from Realty Ventures Group, Inc. ("RVG"), and Balducci Developers, L.L.C. ("Balducci"), respectively, to Sydnor pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code").[1]

Sydnor, with its principal business office in Richmond, Virginia, provides water and wastewater services to customers in Virginia through the ownership of small water systems, which include Scot's Landing, Tilman's Farm, and Cedar Crest. Sydnor is owned by Charles S. Verdery ("Verdery"), who also owns Sydnor Hydro, Inc. ("Hydro"). Sydnor and Hydro are affiliates as defined by § 56-76 of the Code through their common ownership by Verdery. Hydro, also headquartered in Richmond, Virginia, engineered and constructed the Tilman's Farm water system for RVG and the Cedar Crest water system for Balducci. RVG is a development company that developed the Tilman's Farm water system and subdivision, and Balducci is a development company that developed the Cedar Crest water system and subdivision.

The Tilman's Farm water system is a central water distribution system containing 150 residential connections in Powhatan County, Virginia. It was constructed to provide water service to the single-family homes in the Tilman's Farm Subdivision, which includes fire protection. The Tilman's Farm water system includes two wells; a pump house; a 150,000 gallon storage tank; a 5,000 gallon hydro pneumatic tank; four 10-horsepower booster pumps; an emergency generator; a chlorine feed system; a pH adjustment system; an iron and manganese removal system; approximately 23,645 feet of waterlines; and related appurtenances. It is currently serving 38 customers. Beginning operations in 2005, the original cost of the Tilman's Farm water system, as represented by Sydnor, is $1,318,685.

The Cedar Crest water system is a central water distribution system containing 135 residential connections in King William County, Virginia. It was constructed to provide water service to the single-family homes in the Cedar Crest Subdivision, which includes fire protection. The Cedar Crest water system includes two wells; a pump house; an atmospheric storage tank; a 5,000 gallon hydro pneumatic tank; two 7.5-horsepower booster pumps; a chlorination system; approximately 12,200 feet of waterlines; and related appurtenances. It is currently serving 52 customers. Beginning operations in 2005, the original cost of the Cedar Crest water system, as represented by Sydnor, is $644,265.

The transfer of both water systems has already taken place, and Sydnor is currently operating them. The Tilman's Farm water system was conveyed to Sydnor in August of 2006, and the Cedar Crest water system was conveyed to Sydnor in December of 2005. Sydnor did not pay any consideration for either water system. In addition to seeking approval of the transfer of the water systems, Sydnor requests a certificate of public convenience and necessity ("CPCN") to provide water service in the Tilman's Farm and Cedar Crest Subdivisions.

The assets involved in the proposed transfer include all items used in the delivery of water to the Tilman's Farm and Cedar Crest Subdivision customers, including land and land rights; structures; wells; water mains and all other distribution lines; power generation equipment; pumping equipment; meters; hydrants; and all related appurtenances.

For both RVG and Balducci, the purpose of the proposed transfer is to dispose of the water systems to an entity with more experience in the field of water distribution. RVG and Balducci are development companies, and their businesses are not focused on the operations of a water distribution system. For Sydnor, the purpose of the transfer is to acquire additional water systems at no cost to add to its existing water systems. Sydnor has acquired, or is in the process of acquiring, other water systems in the area of the Tilman's Farm and Cedar Crest water systems.

The Petitioner represents that the proposed transfer will not have an impact on rates charged to existing customers. The Petitioner further represents that Sydnor's ownership of the Tilman's Farm and Cedar Crest water systems will result in higher service quality for customers as well as ensuring the provision of adequate service for many years to come.

NOW THE COMMISSION, upon consideration of the petition and representations of the Petitioner and having been advised by its Staff, is of the opinion and finds that the proposed transfer will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and, therefore, should be approved. The granting of the requested CPCN, however, will be addressed in a subsequent order.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-89 and 56-90 of the Code, the Petitioner is hereby granted approval of the transfer of the Tilman's Farm and Cedar Crest water systems assets, as described herein.

(2) Sydnor shall adopt the Uniform System of Accounts for recording all of its business transactions including the depreciation of assets and amortization of acquisition adjustments.

(3) The Utility Transfers Act authority granted in this case shall have no ratemaking implications. In particular, this authority will not guarantee recovery of any costs directly or indirectly related to Sydnor's acquisition of the above-described utility assets.

(4) Sydnor is hereby ordered to provide water and wastewater utility services such that:

a) The quality of service to its customers shall not deteriorate due to a lack of maintenance or capital investment;

b) The quality of service to its customers shall not deteriorate due to a reduction in the number of employees providing services; and

[1] Sydnor's August 7, 2006 petition also requested that the Commission issue a certificate of public convenience and necessity ("CPCN"); however, the CPCN portion of the petition is still incomplete.

c) Sydnor shall fully cooperate with the Commission Staff and shall take all actions necessary to ensure a timely response to Staff inquiries with regard to the continuing operation of its water systems.

(5) This matter shall be continued pending further order of the Commission.

CASE NO. PUE-2006-00091
DECEMBER 13, 2010

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY D/B/A DOMINION VIRGINIA POWER

For a certificate of public convenience and necessity for facilities in Stafford County: Garrisonville 230 kV Transmission Line and 230 kV-34.5 kV Garrisonville Switching Substation

ORDER EXTENDING PROJECT COMPLETION DATE

On October 27, 2010, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or "Company") filed with the State Corporation Commission ("Commission") its Motion for Extension of Construction and In-Service Date ("Motion") for this transmission project in Stafford County. The Company seeks extension of the date for completing construction and placing the facilities in service from January 1, 2011, to July 1, 2012. No responses to the Motion were filed.

As the Company notes in its Motion, the Commission's approval of the project included the requirement that the underground Garrisonville 230 kV transmission line, the Garrisonville Switching Substation, and the Aquia Harbor Transition Station be in service by January 1, 2011.[1] Dominion Virginia Power states that it has made significant progress on the project. However, conditions have required horizontal directional drilling and blasting for some segments of the underground transmission line. Use of these construction techniques has delayed completion of the project.[2] While some construction has been completed and some facilities are in service, completion of the entire project requires additional time. The Company requests extension of the completion date to July 1, 2012.[3]

NOW THE COMMISSION, having considered the Motion, is of the opinion and finds that the Motion should be granted and that the completion and in-service date should be extended.

Accordingly, IT IS ORDERED THAT:

(1) Case No. PUE-2006-00091 be placed in active status in the records maintained by the Clerk of the Commission and restored to the Commission's docket.

(2) The Company's Motion be granted.

(3) Ordering Paragraph (5) of the Final Order of April 8, 2008, be modified to provide that the transmission line and substation must be constructed and in-service by July 1, 2012.

(4) All other provisions of the Final Order of April 8, 2008, shall remain in full force and effect.

(5) Case No. PUE-2006-00091 be dismissed from the Commission's docket and placed in closed status in the records maintained by the Clerk of the Commission.

Commissioner Dimitri did not participate in this matter.

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[1] *Application of Virginia Electric and Power Company d/b/a Dominion Virginia Power, For a certificate of public convenience and necessity for facilities in Stafford County: Garrisonville 230 kV Transmission Line and 230 kV-34.5 kV Garrisonville Switching Substation*, Case No. PUE-2006-00091, Final Order, Ordering Paragraph (5) (April 8, 2008).

[2] Motion at 2-4.

[3] *Id.* at 5-6.

CASE NO. PUE-2007-00018
NOVEMBER 12, 2010

APPLICATION OF
CPV WARREN, LLC

For approval of a certificate of public convenience and necessity pursuant to Va. Code § 56-580 D

ORDER DISMISSING CASE

By Order dated June 20, 2007, the State Corporation Commission ("Commission") granted a certificate of public convenience and necessity ("Certificate") to CPV Warren, LLC ("CPV"), permitting CPV's construction of a natural gas-fired, combined-cycle electric generating facility in Warren County, Virginia. Ordering Paragraph (5) of the Order conditioned the grant of authority by requiring that if construction of the facility had not commenced within three (3) years of the date of the Order, the Certificate would expire.

Subsequent to the issuance of the Order, the Commission learned that Dominion Virginia Power ("Dominion") acquired from CPV the latter's rights in the site and the associated air permits previously issued to CPV by the Virginia Department of Environmental Quality. Pursuant to Virginia law, however, the Certificate cannot be transferred and to date Dominion has not applied for the issuance of a construction certificate in its name. Consequently, there has been no construction as required by Ordering Paragraph (5) of our Order.

NOW THE COMMISSION, being sufficiently advised, finds that CPV has not complied with the condition established by our Order of June 20, 2007.

Accordingly, IT IS ORDERED THAT:

(1) The Certificate previously issued herein is cancelled.

(2) There being nothing further to come before the Commission, the case is DISMISSED, and the papers filed herein shall be placed in the Commission's file for ended causes.

CASE NO. PUE-2007-00095
APRIL 6, 2010

APPLICATION OF
VIRGINIA NATURAL GAS INC.

For authority to issue long-term debt securities

DISMISSAL ORDER

On October 16, 2007, Virginia Natural Gas, Inc. ("VNG," the "Applicant" or the "Company"), filed an application under Chapter 3 of Title 56 of the Code of Virginia requesting authority from the State Corporation Commission ("Commission") to issue and sell long-term debt securities ("Application"). VNG requested to issue and sell up to $80,000,000 of long-term debt securities ("Debt Securities") through the period ending December 31, 2009, to be used to finance construction of the Hampton Roads Crossing Pipeline ("HRX Pipeline").[1] The Application advised that the due and punctual payment of principal and interest on the Debt Securities would be guaranteed by AGL Resources Inc., the parent company of VNG. The Applicant also requested authority to enter into anticipatory hedging transactions such as treasury lock agreements and similar pre-issuance hedging activities related to the Debt Securities. VNG represented that any hedging transaction would be limited to counterparties that have an investment grade credit rating.

On December 7, 2007, the Commission entered its Order Granting Authority ("Order") herein. In the Order, the Commission granted VNG authority to issue up to $80,000,000 of Debt Securities through the period ending December 31, 2009, under the terms and conditions and for the purposes set forth in the Application, except with regard to capitalized interest, which was to be addressed in a separate rate related proceeding. The Order required the Applicant to file various reports after the issuance of any Debt Securities, concluding with a final report of action to be filed with the Commission on or before March 1, 2010. The Commission directed the Company to include in its final report the date of issuance, type of security, amount issued, interest rate, date of maturity, net proceeds received, and a description of the type, notional amount, substantive terms of relating hedging transactions, as well as a summary of the Debt Securities related hedging transactions entered into pursuant to Ordering Paragraph (1) of the Order during the fourth calendar quarter of 2009.

On March 9, 2010, VNG, by counsel, filed a letter in the captioned docket advising that the company "did not take any action under the authority provided; *i.e.*, it did not issue any Debt Securities or enter into any hedging activities pursuant to the authority granted in the above-captioned proceeding." According to VNG, no final report of action was required. VNG requested that its correspondence be filed in the instant docket for the purposes of clarifying why reports related to the Order herein were not filed in connection with this proceeding.

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[1] Construction of the HRX Pipeline is an integral provision of VNG's Performance Based Regulatory Plan authorized by the Commission's Order dated July 24, 2006, in Case No. PUE-2005-00057. *See Application of Virginia Natural Gas, Inc., For approval of a performance based rate regulation methodology pursuant to Virginia Code § 56-235.6* and *General Rate Case Filing of Virginia Natural Gas, Inc., For investigation of justness and reasonableness of current rates, charges, and terms and conditions of service in compliance with prior Commission Order*, Case Nos. PUE-2005-00057 and PUE-2005-00062, 2006 S.C.C. Ann. Rept. 341, Order (July 24, 2010).

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that there being nothing further to be done in this matter, that this case should be dismissed.

Accordingly, IT IS ORDERED THAT this case is hereby dismissed from the Commission's docket of active proceedings and the papers filed herein shall be placed in the Commission's file for ended causes.

CASE NO. PUE-2008-00018
SEPTEMBER 30, 2010

APPLICATION OF
PRESIDENTIAL SERVICE COMPANY TIER II, INC.

For certificates of public convenience and necessity to provide water and sewerage service

ORDER GRANTING CERTIFICATES

On March 5, 2008, Presidential Service Company Tier II, Inc. ("Presidential" or "Company"), filed with the State Corporation Commission ("Commission") an application for a certificate of public convenience and necessity to provide water and sewerage service ("Application") to Presidential Lakes Subdivision, Section 14, in King George County, Virginia. On July 16, 2010, Presidential filed with the Commission a Motion for Leave to Amend Application and for Expedited Treatment ("Motion") and a copy of the Application, as amended, for a certificate of public convenience and necessity to provide water and sewerage service ("Amended Application").[1]

Presidential is incorporated as a public service corporation in the Commonwealth of Virginia. Presidential's Amended Application was filed pursuant to the Utility Facilities Act, § 56-265.1 *et seq.* of the Code of Virginia ("Code"), and the Small Water or Sewer Public Utility Act, § 56-265.13:1 *et seq.* of the Code. Presidential has asserted that King George County has decided not to take ownership of the water and sewer system constructed to provide water and sewer service in Section 14 of Presidential Lakes Subdivision in King George County, Virginia. Accordingly, Presidential seeks certificates of public convenience and necessity to provide service to customers in Presidential Lakes Subdivision, Section 14, which, as of July 13, 2010, consisted of 293 customers, with an expectation of serving a total of 333 customers when the section is fully built-out, along with three "off-site" water-only customers that Presidential presently serves.

In support of its request for expedited consideration, Presidential states that its sewage discharge permit from the Virginia Department of Environmental Quality ("DEQ") needs to be re-issued no later than September 30, 2010, and that Presidential is in the process of acquiring a modified permit. Presidential states that DEQ "has taken the position that it requires receipt 'immediately' of a [certificate of public convenience and necessity] for Presidential from the Commission and has asked Presidential for an update on its progress of obtaining a [certificate of public convenience and necessity]." Accordingly, Presidential has asked that the Commission expedite consideration and approval of the Amended Application.

On July 29, 2010, Presidential filed a correction to Exhibit 10 to the Amended Application. As corrected, the Amended Application provides for water and sewer service by Presidential at flat quarterly rates rather than providing service on a metered basis.

Neither Presidential's initial Application nor its Amended Application included any representation, in accordance with § 56-265.3 C of the Code, that the Board of Supervisors, as the governing body of King George County, the political subdivision in which Presidential's service territory is located, had approved the Company's Application. Neither did the Application or Amended Application, as permitted by § 56-265.3 C of the Code, represent that there was a water company and a sewer company in existence and furnishing service to the area in question prior to the creation of the King George County Public Service Authority.[2] However, attached to Presidential's Motion was a letter from the County Administrator for King George County that was submitted by Presidential in an attempt to show that the statutory standard had been met.

Given Presidential's request for expedited treatment, the Commission issued an Order on August 11, 2010 ("August 11 Order"), allowing Presidential until August 30, 2010, to supplement its Amended Application so as to provide documentation of the approval of the King George County

[1] As the Commission issues separate certificates of public convenience and necessity for water and sewer service, the caption of this proceeding has been modified to reflect that two certificates, one for water service and one for sewer service, are being sought by Presidential. Additionally, as discussed further herein, neither application was complete as filed. The Commission was able to continue processing the Amended Application with Presidential's filing on August 24, 2010, of the resolution adopted by the King George County Board of Supervisors authorizing the Amended Application.

[2] Section 56-265.3 C of the Code provides as follows:

> If the initial application [for a certificate of public convenience and necessity] provides for the furnishing of water or sewerage service within any political subdivision in which there has been created an authority for either or both of such purposes pursuant to Chapter 51 (§ 15.2-5100 *et seq.*) of Title 15.2, the Commission shall not hold any hearing on such application or issue any certificate for the allotment of territory unless the application shall first have been approved by the governing body of the political subdivision in which the territory is located. In any area where a water company was in existence and furnishing water prior to the formation of an authority to provide water, the Commission may hold a hearing on an application and issue a certificate to the water company for that territory which was served prior to the creation of the authority whether or not the governing body of the political subdivision has approved the application. In any area where a sewer company was in existence and furnishing sewer services prior to the formation of an authority to provide sewer services, the Commission may hold a hearing on an application and issue a certificate to the sewer company for that territory which was served prior to the creation of the authority whether or not the governing body of the political subdivision has approved the application.

Board of Supervisors of Presidential's Amended Application, or to further amend its Amended Application to demonstrate why such approval is not required by § 56-265.3 C of the Code. The August 11 Order also directed Presidential to provide notice to the public and established a procedural schedule to afford interested persons an opportunity to comment and request a hearing on Presidential's Amended Application and the water and sewer service rates set forth therein. The Commission also ordered the Staff to commence an investigation of the Amended Application and to issue a report thereon to the Commission as to whether certificates should be issued. The August 11 Order stated that should the Commission ultimately determine that a certificate to provide water service and a certificate to provide sewer service should be issued, Presidential should take note that its rates, terms, and conditions at that time could be deemed interim and subject to refund by the Commission and that a Staff audit of Presidential's records would likely be directed before this proceeding is ended.

On August 24, 2010, Presidential filed a copy of a resolution adopted by the King George County Board of Supervisors authorizing Presidential's Amended Application and documenting that the King George Service Authority does not plan to extend service to the area for which Presidential seeks certificates of public convenience and necessity.

In the Staff Report filed on September 16, 2010, the Staff recommended that the Commission find that it is in the public interest for certificates of public convenience and necessity to provide water and sewer service to be issued to Presidential for the service territory applied for herein. The Staff also recommended that, given the expedited treatment afforded Presidential's Amended Application, Presidential's rates be made interim and subject to refund pending the Commission's Division of Public Utility Accounting's financial audit and report to the Commission. The Staff further recommended that the Company's proposed rules and regulations be approved by the Commission, except for the Company's connection fee for water service and sewer service. The Staff recommended that the water and sewer connection fees be made interim and subject to refund until further review of their appropriateness can be made.

With regard to Presidential's accounting practices, the Staff recommended that the Company be ordered to: (1) maintain its books and records in accordance with the Uniform System of Accounts of Class C Wastewater Utilities; (2) depreciate jurisdictional plant and amortize associated contributions in aid of construction at a composite rate of 3%; (3) maintain its financial records in such detail as to facilitate a split between jurisdictional and non-jurisdictional businesses; and (4) file Annual Financial and Operating Reports with the Commission's Division of Public Utility Accounting by April 30th of each calendar year based on the previous calendar year's operation.

Lastly, the Staff recommended that Presidential be ordered to establish and provide a phone number to its customers, and to the Commission, for access to the Company in case of emergencies.

Though Presidential was given until September 23, 2010, to file a response to the Staff Report, no response was filed by the Company. No interested persons requested a hearing, but one customer submitted comments describing his difficulty in reaching the Company to report service outages.

NOW THE COMMISSION, upon consideration of the filings herein, and of the applicable law, is of the opinion and finds that certificates of public convenience and necessity to provide water and sewer service should be issued to Presidential at this time but that this proceeding should be left open for the Staff to complete its audit of the Company's financial records. Accordingly, the Commission finds that the recommendations set forth in the Staff Report should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) As provided by the Utility Facilities Act, § 56-265.1 *et seq.* of the Code and related provisions of Title 56 of the Code, the Company's Amended Application for certificates of public convenience and necessity is granted.

(2) Presidential shall be issued certificate of public convenience and necessity W-335, which authorizes the furnishing of water service in King George County as shown on maps attached to, and made a part of, the certificate.

(3) Presidential shall be issued certificate of public convenience and necessity S-95, which authorizes the furnishing of sewer service in King George County as shown on maps attached to, and made a part of, the certificate.

(4) The rates of Presidential for water service and sewer service shall be interim and subject to refund pending further order of this Commission.

(5) Presidential's $6,500 connection fee for water service and $7,500 connection fee for sewer service shall be interim and subject to refund pending further order of the Commission.

(6) The remainder of the Company's rules and regulations are hereby approved.

(7) The Staff shall complete its audit of Presidential to determine if its rates, charges, and fees are just and reasonable and appear to meet the standards established by § 56-265.13:4 of the Code. The Staff shall file a report on or before November 10, 2010, detailing the findings of its review.

(8) The Company shall maintain its books and records in accordance with the Uniform System of Accounts of Class C Wastewater Utilities; depreciate jurisdictional plant and amortize associated contributions in aid of construction at a composite rate of 3%; maintain its financial records in such detail as to facilitate a split between jurisdictional and non-jurisdictional businesses; and file Annual Financial and Operating Reports with the Commission's Division of Public Utility Accounting by April 30th of each calendar year based on the previous calendar year's operations.

(9) Presidential shall establish and provide to each of its customers, and the Commission, a telephone number that may be used for access to the Company in the event of emergencies.

(10) This case is continued pending further order of the Commission.

CASE NOS. PUE-2008-00033 and PUE-2009-00028
JULY 23, 2010

APPLICATION OF
THE POTOMAC EDISON COMPANY d/b/a ALLEGHENY POWER

For an increase in its electric rates pursuant to Va. Code §§ 56-249.6 and 56-582 and, alternatively, request to modify Memorandum of Understanding and Order in Case No. PUE-2000-00280

APPLICATION OF
THE POTOMAC EDISON COMPANY d/b/a ALLEGHENY POWER

For an increase in its Fuel Factor Pursuant to Virginia Code § 56-249.6

DISMISSAL ORDER

By this Order, the State Corporation Commission ("Commission") will dismiss two pending cases in which the Commission had previously established electric rates pursuant to § 56-249.6 of the Code of Virginia for The Potomac Edison Company d/b/a/ Allegheny Power ("Potomac Edison" or "Company"). The dockets in both cases were continued at the direction of the Commission to accommodate accounting audits by the Staff of the Commission ("Staff") of the Company's purchased power costs, applicable credits and recovery position at the end of the respective audit periods.

The Company has, by motions filed June 30, 2010, in each of the above-captioned dockets ("Motions"), requested that these dockets be dismissed. The Company avers therein that the Commission's May 14, 2010 Order in Case No. PUE-2009-00101 approving the transfer of the Company's service territory ("Transfer Order") to Rappahannock Electric Cooperative and Shenandoah Valley Electric Cooperative (collectively, "Cooperatives"), warrants the relief requested. In particular, the Company states that as a result of the Commission's Transfer Order, Potomac Edison will no longer provide electric service to retail customers in Virginia and thus will no longer incur purchased power costs to serve those retail customers. The Company also emphasizes that by Order dated June 11, 2010, in Case No. PUE-2010-00047, the Commission permitted the Cooperatives to be substituted as applicants in the 2010 fuel proceeding (Case No. PUE-2010-00047) initially filed by Potomac Edison on May 14, 2010, and applicable to the period beginning July 1, 2010.

As outlined in the Motions, central to the 2008 and 2009 dockets for which dismissal is sought is a stipulation proposed by participating parties in the 2008 docket, i.e., Case No. PUE-2008-00033 ("2008 Stipulation"), and approved by the Commission in its November 26, 2008 Order ("2008 Order") therein. The 2008 Stipulation established certain terms, conditions, and limitations governing the Company's recovery of fuel expenses through June 30, 2011. As noted by the Company in its Motions, the Cooperatives, in assuming the obligation to provide retail electric service to the Company's former Virginia customers, agreed to be bound by the terms of the Commission's 2008 Order in Case No. PUE-2008-00033 and the 2008 Stipulation approved in that docket. The Company further represents in its Motions that Counsel for the Commission Staff and the Office of the Attorney General have authorized the Company to state that they do not oppose the granting of these Motions.

NOW THE COMMISSION, upon consideration of the Motions herein, is of the opinion and finds that they should be granted. Central to the Commission's considerations herein is ensuring that Potomac Edison's now-former Virginia retail electric customers receive the full benefits of the 2008 Stipulation approved by the Commission in Case No. PUE-2008-00033, including any true-ups required by the Commission's Order in the Company's 2009 fuel case, i.e., Case No. PUE-2009-00028.

The Commission permitted the Cooperatives to be substituted for the Company in the fuel proceeding initiated by the Company in Case No. PUE-2010-00047, which is now pending before the Commission. As noted in its June 11, 2010 Order of Notice and Procedure in that docket, the Transfer Order incorporated the Cooperatives' commitment to be bound by the 2008 Stipulation as part of the special rates approved for the former Potomac Edison customers now served by the Cooperatives. Put simply, the Cooperatives are now bound by the rates, terms and conditions of the 2008 Stipulation, and it is their burden to ensure the benefits thereunder for its duration. Consequently, inasmuch as the Commission has permitted the Cooperatives' substitution for Potomac Edison in the Company's 2010 fuel case, the Commission will correspondingly authorize the dismissal of the Company's 2008 and 2009 fuel dockets as requested by the Company.

Accordingly, IT IS HEREBY ORDERED THAT:

(1) The Motions to Dismiss filed by the Company in Case Nos. PUE-2008-00033 and PUE-2009-00028 shall be, and hereby are, granted;

(2) There being nothing further to come before the Commission in these proceedings, these matters are 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-2008-00034
OCTOBER 19, 2010

APPLICATION OF
KENTUCKY UTILITIES COMPANY d/b/a OLD DOMINION POWER COMPANY

For authority to issue securities under Chapter 3 of Title 56 of the Code of Virginia

ORDER AMENDING AUTHORITY GRANTED

By Orders dated June 19, 2008, and November 30, 2009, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP" or "Company"), was authorized by the State Corporation Commission ("Commission") to issue securities, assume obligations and enter into all necessary

agreements to issue new Refunding Bonds for the purpose of refinancing up to eight (8) separate series of outstanding auction rate pollution control revenue bonds issued to Mercer County, Kentucky, and Carroll County, Kentucky.[1] The Commission's authorization is due to expire on December 31, 2010.

In an application filed by KU/ODP on June 15, 2010, in Case No. PUE-2010-00061, KU/ODP made the following request:

> VIII. AUCTION MODE POLLUTION CONTROL DEBT MITIGATION
>
> 24. In Case No. PUE 2008-00034 by Order dated June 19, 2008, the Commission granted KU/ODP authority to take certain actions to mitigate the impact of market conditions on its auction mode pollution control bonds. KU/ODP requests that its authority be amended to expressly allow for the use of First Mortgage Bonds to secure any refunding debt obligations that may be incurred pursuant to the authority granted in Case No. PUE-2008-00034. In addition, by Order dated November 30, 2009, the Commission extended KU/ODP's authority in Case No. PUE-2008-00034 through December 31, 2010. Because of the transactions contemplated in [Case No. PUE-2010-00060], it is now possible that the mitigation actions will not be completed until 2011. KU/ODP therefore further requests that its authority in Case No. PUE-2008-00034 be extended through December 31, 2011.[2]

On this day, the Commission issued an order in Case No. PUE-2010-00061 granting KU/ODP's request to restructure and refinance unsecured debt, to assume obligations, and for amendment of existing authority.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that an order should be entered amending the authority granted and extending the period of authority in this case.

Accordingly, IT IS ORDERED THAT:

(1) KU/ODP shall be allowed to use first mortgage bonds to secure any refunding obligations that may be incurred pursuant to the authority granted in our June 19, 2008 Order, consistent with our order in Case No. PUE-2010-00061.

(2) The authority granted, pursuant to our June 19, 2008 Order and amended by Ordering Paragraph (1) herein, is effective from the date of this Order through December 31, 2011.

(3) On or before March 31, 2012, KU/ODP shall file a final report of action containing the information required in Ordering Paragraph (4) of our June 19, 2008 Order.

(4) All other directives detailed in our June 19, 2008 Order shall remain in full force and effect.

(5) This matter shall be continued subject to the continuing review, audit, and appropriate directive of the Commission.

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[1] *Application of Kentucky Utilities Co. d/b/a Old Dominion Power Co., For authority to issue securities under Chapter 3 of Title 56 of the Code of Virginia*, Case No. PUE-2008-00034, 2008 S.C.C. Ann. Rept. 522, Order Granting Authority (June 19, 2008) and 2009 S.C.C. Ann. Rept. 311, Order Granting Motion and Extending Authority (Nov. 30, 2009) ("June 19, 2008 Order").

[2] Application at 14 (footnote omitted).

CASE NO. PUE-2008-00063
FEBRUARY 5, 2009

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval and certification of Beaumeade-NIVO 230 kV Underground Transmission line and 230-34.5 kV NIVO Substation under Va. Code § 56-46.1 and the Utility Facilities Act, Va. Code § 56-265.1 *et seq*., and as a pilot project pursuant to HB 1319

ORDER

By Final Order issued May 29, 2009, the State Corporation Commission ("Commission") granted authority to Virginia Electric and Power Company ("Dominion Virginia Power" or "Company") to construct and operate the Company's proposed Beaumeade-NIVO 230 kV transmission line and new NIVO Substation in Loudoun County ("Final Order"). Ordering Paragraph (6) of the Final Order required that the transmission line and associated substation must be constructed and in-service by April 1, 2010.

On December 8, 2009, the Company filed a Motion for Extension of Construction and In-Service Date ("Motion"). In its Motion, the Company stated that while it "has made significant progress in developing the project and is proceeding promptly to begin construction of the transmission line in January, it cannot complete the project in its entirety by April 1, 2010." Accordingly, the Company requested that the deadline in Ordering Paragraph (6) of the Final Order be extended until September 1, 2010. The Commission received no objection to the Company's request.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the Company's request to extend the deadline for construction of the transmission line and associated substation should be granted.

Accordingly, IT IS ORDERED THAT:

(1) This matter is re-opened for the limited purpose of considering and ruling upon the Company's Motion.

(2) Ordering Paragraph (6) of the Commission's May 29, 2009 Final Order shall be revised to read as follows:

> The transmission line and associated substation approved herein must be constructed and in-service by September 1, 2010; however, the Company is granted leave to apply for an extension for good cause shown.

(3) All other provisions of the Commission's May 29, 2009 Order shall remain unchanged.

(4) This matter is dismissed and the paper herein placed in the file for ended causes.

Commissioner Dimitri did not participate in this matter.

CASE NO. PUE-2008-00065
JANUARY 8, 2010

APPLICATION OF
SKYLINE WATER CO., INC.

For changes in rates, charges, rules and regulations

ORDER

On July 14, 2008, Skyline Water Co., Inc. ("Skyline" or "Company"), filed an application with the State Corporation Commission ("Commission") for changes in water rates, charges, rules and regulations. The Commission issued a Final Order in this case on July 20, 2009. The Commission found in its Final Order that the Company must make system improvements necessary to address the environmental violations present at the Pelham Manor subdivision. To achieve this, the Company was ordered to apply to the Virginia Department of Health Revolving Loan Fund for financing of an approved $205,575 interest-free loan and to transmit a copy of the filed application to the Commission's Division of Energy Regulation by October 1, 2009. The Company was also ordered to apply for any available grant money.

In a Monthly Report filed with the Commission on September 25, 2009, Skyline stated that since Aqua Virginia, Inc. ("Aqua Virginia"), has filed an application with the Commission, in Case No. PUE-2009-00098,[1] to acquire Pelham Manor and other assets from Skyline, "it does not make sense for the Company to secure the [Virginia Department of Health] loan when Aqua Virginia has the solution in hand. The Company requests this requirement be extended until the first week of the year 2010, as the transfer should take place by then."[2]

On October 1, 2009, the Commission entered an Order that, in pertinent part, granted Skyline an extension until January 8, 2010, to file an application with the Virginia Department of Health Revolving Loan Fund for the $205,575 interest-free loan.

As was noted in the September 25, 2009 Monthly Report, Skyline requested an extension through the first week of 2010 for filing for the Virginia Department of Health loan because, at the time the Monthly Report was filed, the Company anticipated the transfer of Skyline and Rebel Water Works, Inc., to Aqua Virginia would have occurred by the first week of 2010. However, as no final action has yet been taken on the Joint Petition in Case No. PUE-2009-00098, the Commission, upon its own motion, shall extend the date by which Skyline must apply to the Virginia Department of Health for financing of the $205,575 interest-free loan.

NOW THE COMMISSION, having considered the record in this case, finds that, for judicial efficiency, Skyline should be granted an extension through April 30, 2010, to apply to the Virginia Department of Health Revolving Loan Fund for the interest-free loan because no final action has yet been taken by the Commission in Case No. PUE-2009-00098.

Accordingly, IT IS ORDERED THAT:

(1) The Company shall file with the Virginia Department of Health Revolving Loan Fund an application to borrow the full amount of a $205,575 interest-free loan no later than April 30, 2010, and to transmit contemporaneously a copy of the filed application to the Commission's Division of Energy Regulation. The Company is also ordered to apply for any grant money that is available to it and to transmit a copy of the filed application to the Division of Energy Regulation by April 30, 2010, or to file a letter with the Division of Energy Regulation explaining that no grant money is available, if that is the case.

(2) All other provisions of the July 20, 2009 Final Order and October 1, 2009 Order shall remain in full force and effect.

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[1] *Joint Petition of Aqua Virginia, Inc., Skyline Water Co., Inc., and Rebel Water Works, Inc., For approval of a transfer of utility assets and for approval of a transfer of a certificate of public convenience and necessity*, PUE-2009-00098, Joint Petition (Sept. 3, 2009).

[2] Monthly Report at 1.

CASE NO. PUE-2008-00065
APRIL 29, 2010

APPLICATION OF
SKYLINE WATER CO., INC.

For changes in rates, charges, rules and regulations

ORDER

On July 14, 2008, Skyline Water Co., Inc. ("Skyline" or "Company"), filed an application with the State Corporation Commission ("Commission") for changes in water rates, charges, rules and regulations. The Commission issued a Final Order in this case on July 20, 2009. The Commission found in its Final Order that the Company must make system improvements necessary to address the environmental violations present at the Pelham Manor subdivision. To achieve this, the Company was ordered to apply to the Virginia Department of Health ("VDH") Revolving Loan Fund for financing of an approved $205,575 interest-free loan and to transmit a copy of the filed application to the Commission's Division of Energy Regulation by October 1, 2009. The Company was also ordered to apply for any available grant money. To finance the improvements, the Commission also authorized the Plant Improvement Contribution Surcharge ("PICS") for Pelham Manor.

In a Monthly Report filed with the Commission on September 25, 2009, Skyline stated that Aqua Virginia, Inc. ("Aqua Virginia"), had filed an application with the Commission, in Case No. PUE-2009-00098,[1] to acquire Pelham Manor and other assets from Skyline. Skyline requested an extension through the first week in January 2010 to file for the VDH loan, stating "it does not make sense for the Company to secure the VDH loan when Aqua Virginia has the solution in hand."[2]

On October 1, 2009, the Commission entered an Order that, in pertinent part, granted Skyline an extension through January 8, 2010, to file an application with the VDH Revolving Loan Fund for the $205,575 interest-free loan.

When no final order had been entered in the transfer proceeding between Skyline and Aqua Virginia, Case No. PUE-2009-00098, by January 8, 2010, the Commission, upon its own motion, entered an Order in this case on January 8, 2010, which extended the date by which Skyline must apply for a loan with the VDH.[3] In that Order, the Commission stated,

> The Company shall file with the Virginia Department of Health Revolving Loan Fund an application to borrow the full amount of a $205,575 interest-free loan no later than April 30, 2010, and to transmit contemporaneously a copy of the filed application to the Commission's Division of Energy Regulation. The Company is also ordered to apply for any grant money that is available to it and to transmit a copy of the filed application to the Division of Energy Regulation by April 30, 2010, or to file a letter with the Division of Energy Regulation explaining that no grant money is available, if that is the case.

On April 23, 2010, counsel for Aqua Virginia filed a letter with the Commission. In this letter, Aqua Virginia advised the Commission that the transfer of the Pelham Manor system and Skyline's other systems to Aqua Virginia occurred on April 22, 2010. Aqua Virginia stated that it plans to make the required improvements to the Pelham Manor system with financing that does not involve a loan from the VDH Revolving Loan Fund and therefore asked the Commission to clarify that its Orders dated October 1, 2009, and January 8, 2010, do not impose any obligations on Aqua Virginia to apply for a loan from the VDH Revolving Loan Fund.

NOW THE COMMISSION, having considered the record in this case and the April 23, 2010 letter from Aqua Virginia, finds that, because the transfer of the Pelham Manor from Skyline to Aqua Virginia has been completed and because Aqua Virginia stated it will make the required improvements to the Pelham Manor system with financing that does not involve a loan from the VDH Revolving Loan Fund, neither Skyline nor Aqua Virginia will be required to apply for a loan from the VDH Revolving Loan Fund. However, as was noted in Ordering Paragraph (11) in the July 20, 2009 Final Order in this case, improvements must be made to the Pelham Manor system. Though Aqua Virginia is not ordered to apply for a loan from the VDH Revolving Loan Fund, the Commission does expect Aqua Virginia to make improvements necessary to address the environmental violations present at Pelham Manor.

Accordingly, IT IS ORDERED THAT:

(1) Ordering Paragraph (12) of the Commission's July 20, 2009 Final Order; Ordering Paragraph (5) of the Commission's October 1, 2009 Order; and Ordering Paragraph (1) of the Commission's January 8, 2010 Order impose no obligations on Aqua Virginia to apply for a loan from the VDH Revolving Loan Fund.

(2) Ordering Paragraph (12) and Ordering Paragraph (15) of the Commission's July 20, 2009 Final Order shall be struck.

(3) Ordering Paragraph (14) of the Commission's July 20, 2009 Final Order shall be struck and replaced with the following sentence: The PICS shall be eliminated for all systems.

(4) Ordering Paragraph (5) of the Commission's October 1, 2009 Order shall be struck.

(5) Ordering Paragraph (1) of the Commission's January 8, 2010 Order shall be struck.

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[1] *Joint Petition of Aqua Virginia, Inc., Skyline Water Co., Inc., and Rebel Water Works, Inc., For approval of a transfer of utility assets and for approval of a transfer of a certificate of public convenience and necessity*, Case No. PUE-2009-00098, Joint Petition (Sept. 3, 2009).

[2] Monthly Report at 1.

[3] A Final Order in Case No. PUE-2009-00098 was entered on February 9, 2010.

(6) All other provisions of the July 20, 2009 Final Order; October 1, 2009 Order; and January 8, 2010 Order shall remain in full force and effect.

(7) This case is hereby dismissed, and the papers herein are placed in the files for ended causes.

CASE NO. PUE-2008-00070
MAY 12, 2010

PETITION OF
BOTETOURT COUNTY, VIRGINIA
v.
CENTRAL WATER COMPANY, INC.,

For revocation of certificate pursuant to § 56-265.6 of the Code

FINAL ORDER

On July 23, 2008, Botetourt County, Virginia ("Botetourt" or "County"), filed a petition ("Petition") with the State Corporation Commission ("Commission"), pursuant to Rule 100 of the Commission's Rules of Practice and Procedure (5 VAC 5-20-100) and § 56-265.6 of the Code of Virginia ("Code"), seeking the Commission's revocation of an expanded certificate of public convenience and necessity ("certificate") previously granted by the Commission to Central Water Company, Inc. ("Central"), in Case No. PUE-2007-00090. Botetourt contends, among other things, that it lacked notice of Central's prior application to expand its certificate in Case No. PUE-2007-00090, that Central's application in that prior case contained material misstatements, and that Central's service territory should not be expanded because such expansion is inconsistent with Botetourt's Comprehensive Plan and plans for expansion of its water and sewer services.

On September 3, 2008, Central filed its response. On September 10, 2008, the Commission entered an Order Appointing Hearing Examiner that, among other things, appointed a Hearing Examiner to conduct further proceedings in this matter.

On October 16 and November 14, 2008, Senior Hearing Examiner Alexander F. Skirpan, Jr., held a prehearing conference and a settlement conference, respectively. On November 21, 2008, the Senior Hearing Examiner issued a ruling establishing the procedural schedule for this matter.

On January 20, 2009, Central filed a motion ("Central's Motion") in which it asked that this case be dismissed with prejudice and, if the Commission deemed it appropriate, Central be required to file clarifications to its certificate and to its service territory map.

On January 30, 2009, and at the request of the parties, the Senior Hearing Examiner held an additional prehearing conference. During that conference, the parties and the Commission's Staff ("Staff") agreed that the procedural schedule should be adjusted to first address Central's Motion and the threshold issues related to Central's application in Case No. PUE-2007-00090, and then to hold further hearings to address any other issues that may need to be resolved. On February 4, 2009, the Senior Hearing Examiner issued a ruling that adopted a new procedure schedule. On March 25, 2009, the Senior Hearing Examiner convened a hearing to receive evidence in this matter.

On April 22, 2009, the Senior Hearing Examiner held a conference among all participants to discuss further procedures for this case. On April 30, 2009, the Senior Hearing Examiner issued a ruling ("April 30th Ruling") that held in abeyance Central's Motion and the threshold issues pending further development of a complete record, and that modified the procedural schedule to receive additional evidence and to hold an additional hearing. The Senior Hearing Examiner explained as follows:

> Based on the record developed to date, Central has admitted that it did not adhere precisely, to all of the notice requirements included in the Commission's November 15, 2007, Order for Notice in Case No. PUE-2007-00090. In addition, Botetourt argued that Central's Motion could not be resolved without information that goes beyond the two threshold issues of notice and misstatement.[1]

On September 28, 2009, the Senior Hearing Examiner held a hearing to receive additional evidence in this matter ("September 28th hearing"). On October 21, 2009, Botetourt and Central filed post-hearing briefs.

On November 25, 2009, the Senior Hearing Examiner issued a report that more fully explained the procedural history of this case, summarized the record, analyzed the evidence and issues in this proceeding, and made certain findings and recommendations ("Senior Hearing Examiner's Report").

First, the Senior Hearing Examiner explained as follows:

> Botetourt argued that the statement in Central's [a]pplication filed in Case No. PUE-2007-00090 that the requested expanded service area 'is not being serviced by any public service at this time' constituted a willfully made misrepresentation of a material fact. Botetourt asserted that Central obtained its certificate by failing to represent to the Commission that … the requested expanded service area includes customers served by Botetourt, by the Town of Fincastle, and by at least three private water systems. Central responded that it did not intend to include and does not seek to serve customers served by Botetourt, the Town of Fincastle, or the private water systems.[2]

[1] April 30th Ruling at 3.

[2] Senior Hearing Examiner's Report at 17-18.

Next, as stated by the Senior Hearing Examiner, Botetourt asserted that "'Central has willfully violated a proper order of the Commission'" by "'failing to provide to [Botetourt] the notice required by the Commission's Order for Notice'" in Case No. PUE-2007-00090.[3] Specifically, the Order for Notice in Case No. PUE-2007-00090 directed Central to serve a copy of such order on the chairman of the Board of Supervisors of Botetourt County by first-class mail. Central, however, did not mail a copy of such order but, rather, sent a letter to the chairman of the Board of Supervisors of Botetourt County the text of which was as follows:

> The State Corporation Commission requires us to give the Chair notice when any cases are brought before the commission. The above case (Case No. PUE-2007-00090) is to amend our application that was approved on February 11, 2000. The above referenced case is to add additional residential customers to the water companies existing case. This notice does not require any action on your part other than you being aware of this case. Thank you for your attention to this matter.[4]

In addition, "Botetourt contended that if Botetourt had been given a fair opportunity to participate in Case No. PUE-2007-00090, it would have shown that Central's expanded service territory is inconsistent with the public interest."[5]

The Senior Hearing Examiner's Report included the following findings:

> (1) There were no willfully made misrepresentations of material facts in Central's [a]pplication in Case No. PUE-2007-00090;
>
> (2) In providing public notice in Case No. PUE-2007-00090, Central did not willfully violate the Commission's Order for Notice [in that case];
>
> (3) Based on the first two findings, the requirements of § 56-265.6 [of the Code] have not been met and no alteration or amendment to Central's certificate is required;
>
> (4) In the alternative, if the Commission finds that Central's [a]pplication in Case No. PUE-2007-00090 contained a willfully made misrepresentation of a material fact or that Central willfully violated the Commission's Order for Notice [in that case], then Central may be fined or given an opportunity to cure. If Central fails to comply with the Commission order to cure within a reasonable period of time, its certificate can be revoked, altered, or amended;
>
> (5) In the alternative, if the Commission finds that Central's [a]pplication in Case No. PUE-2007-00090 contained a willfully made misrepresentation of a material fact or that Central willfully violated the Commission's Order for Notice [in that case]; and if the Commission finds that § 56-265.6 [of the Code] permits the revocation, alteration, or amendment of Central's certificate without further opportunity to cure, then after considering all of the evidence, including evidence presented by Botetourt, I find that Central's certificate to serve its expanded service area is in the public interest; and
>
> (6) Central should be directed to file with the Commission a detailed map of its expanded service territory, sufficiently detailed to show the exclusion of Botetourt Center at Greenfield, [to which Botetourt provides and plans to provide water service] the exclusion of other certificated water systems within its expanded service territory, and its agreement with the Town of Fincastle, which clarifies that the two service territories do not overlap.[6]

On December 16, 2009, Botetourt and Central filed comments on the Senior Hearing Examiner's Report.

Central, among other things: (1) "requests that the Commission adopt the findings and conclusions of the [Senior Hearing] Examiner without change and deny the petition with prejudice;" (2) "has no objection to filing a more detailed map of its service territory as recommended by the [Senior Hearing] Examiner;" and (3) asserts that "[t]here is no ground to revoke, alter or amend Central's certificate, and it is in the public interest for Central to have been granted it in the first instance."[7]

Botetourt, among other things, asserts that: (1) "the evidence is clear that [Central] acted willfully in misrepresenting a material fact in obtaining the certificate expanding its service territory and in violating the Commission's Order regarding notice;" (2) "the [Senior] Hearing Examiner improperly applied the provisions of Va. Code § 56-265.6 in a way that insulated Central's expanded certificate from challenge;" (3) "there is no evidence in the record to support the conclusion that Central's expanded service territory is in the public interest;" and (4) "[t]he public interest will instead be served by directing Central to submit a revised map including only those areas where development can be reasonably anticipated, without interfering with [Botetourt's] carefully developed Comprehensive Plan."[8]

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[3] *Id.* at 17 (citation omitted).

[4] *Id.* at 20 (citation omitted).

[5] *Id.* at 17 (citation omitted).

[6] Senior Hearing Examiner's Report at 29.

[7] Central's December 16, 2009 Comments at 1, 6.

[8] Botetourt's December 16, 2009 Comments at 1, 32.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

Code of Virginia

Botetourt seeks revocation, pursuant to § 56-265.6 of the Code, of the expanded certificate awarded to Central in Case No. PUE-2007-00090. In this regard, § 56-265.6 of the Code provides as follows:

> The Commission may, by its order duly entered after hearing, held after due notice to the holder of any such certificate and an opportunity to such holder to be heard, at which hearing it shall be proved that such holder has willfully made a misrepresentation of a material fact in obtaining such certificate or has willfully violated or refused to observe the laws of this State touching such certificate or any of the terms of the certificate, or any of the Commission's proper orders, rules or regulations, impose a penalty not exceeding $1,000, which may be collected by the process of the Commission as provided by law; or the Commission may suspend, revoke, alter or amend any such certificate for any of the causes set forth above. But no such certificate shall be revoked, altered or amended (except upon application of the holder thereof) unless the holder thereof shall willfully fail to comply, within a reasonable time to be fixed by the Commission, with the lawful order of the Commission or with the lawful rule or regulation of the Commission, or with the term, condition or limitation of such certificate, found by the Commission to have been violated by such holder. No such certificate shall be suspended, revoked, altered or amended for any cause not stated in this section.
>
> Proceedings looking to the imposition of any penalty provided for in this section may be commenced upon the complaint of any person or upon the Commission's own initiative.

In addition, as part of the instant proceeding, the Senior Hearing Examiner held the September 28th hearing and received written pleadings to determine whether it is in the public interest – under the standard applied in Case No. PUE-2007-00090 – to amend Central's original certificate for purposes of expanding its service territory. In this regard, § 56-265.3 D of the Code provides as follows:

> If the Commission finds it to be in the public interest, upon the application of a holder of a water or sewer certificate, such certificate may be transferred, leased or amended after such reasonable notice to the public and opportunity to be heard as the Commission by order may prescribe. The Commission may authorize the transfer, lease, or amendment of the certificate subject to such restrictions as the Commission finds will promote the public interest.[9]

Certificate No. W-298a

We find that Central willfully violated the Commission's Order for Notice in Case No. PUE-2007-00090 when it failed to serve a copy of that Order on the chairman and board of supervisors of Botetourt County as explicitly directed in such Order (and while representing to the Commission in Case No. PUE-2007-00090 that this notice requirement had been met).[10] In this critical respect, the County was not notified – in the manner specifically directed by the Commission – of a proceeding that affected its interests. We find that Central has not provided a justifiable excuse for failing to comply with an explicit directive regarding the notice requirement in the Commission's procedural order.

In this instance, for Central effectively to comply with the notice required in the prior Order for Notice, Botetourt must receive proper notice (which it has), and Central must establish that it is in the public interest to expand its certificate in a proceeding participated in by Botetourt. Thus, as requested by Botetourt, "[a]ny real opportunity [for Central] to cure [under § 56-265.6 of the Code] would have to provide Botetourt now with the same opportunity it was denied then."[11]

The instant proceeding provided the County with that opportunity. As explained by the Senior Hearing Examiner: "In essence, the September 28th hearing was a 'do over' of Case No. PUE-2007-00090 as it provided Botetourt with an opportunity to present all of its grounds for objection to Central's expanded service territory."[12] Indeed, Botetourt acknowledges that "both [Central] and [Botetourt] were given the opportunity to put on their evidence for and against the award of the expanded service territory," and that "both sides were afforded a full opportunity to put on their evidence as to whether the public interest supports the expanded territory."[13] In doing so, Central has continued to have the burden of proof.

Amended Certificate No. W-298a

Central was organized in 1998 to serve the Ashley Plantation development in Botetourt and received its original certificate of public convenience and necessity from this Commission in 2000.[14] Central currently provides adequate water service to approximately 377 customers.[15] Central has a large,

[9] *See also* Senior Hearing Examiner's Report at 26.

[10] *See, e.g.,* Ex. 11 at 6; Tr. at 90; Senior Hearing Examiner's Report at 20.

[11] Botetourt's Dec. 16, 2009 Comments at 16.

[12] Senior Hearing Examiner's Report at 26.

[13] Botetourt's Dec. 16, 2009 Comments at 17-18 (footnote omitted).

[14] *See, e.g.,* Senior Hearing Examiner's Report at 13 (citation omitted); Certificate No. W-298 issued to Central on February 11, 2000 in Case No. PUE-1999-00593.

[15] *See, e.g.,* Senior Hearing Examiner's Report at 13-16 (citations omitted).

high quality supply of water.[16] Central has actively increased its storage capacity and pursued additional measures to support the expansion of its service territory.[17] In addition, Central "already has invested over $700,000 in infrastructure for new wells, storage and infrastructure to serve its expanded service territory."[18]

Based on the record in this proceeding – which includes the new evidence presented by Botetourt – we find that Central has not established that it is in the public interest to expand its service territory from its original 900 acres to over approximately 16,000 acres.[19] Rather, we conclude that Central has affirmatively established that it is in the public interest, at this time, to expand its original service territory as follows:

(1) as agreed to by Botetourt regarding specific territory in the vicinity of (a) Ashley Plantation, and (b) Town of Fincastle and Santillane;[20]

(2) with western and northern boundaries as approved in Case No. PUE-2007-00090, and with the corrections recommended by the Senior Hearing Examiner "to show the exclusion of Botetourt Center at Greenfield, the exclusion of other certificated water systems within its expanded service territory, and its agreement with the Town of Fincastle, which clarifies that the two service territories do not overlap;"[21] and

(3) with an eastern boundary along (a) the territory referenced above in (1), (b) Ashley Plantation, and (c) running 1,000 feet east of Route 220.[22]

Much of the evidence in this proceeding addressed development and service in the above areas and along the Route 220 corridor, which extends from Central's current service at Ashley Plantation to the Town of Fincastle through the Santillane community.[23] The Route 220 corridor, from the northern boundary of Ashley Plantation to Fincastle, is less than ten miles.[24] Central also asserts that its "ability to execute plans and construct facilities is illustrated by its efforts to plan connections between the Town of Fincastle through the Santillane community and Central's system."[25] We find that expanding Central's service territory in this manner represents an area of natural expansion of the service of Central from the Ashley Plantation area. The territory approved herein also is not currently being served by any public service company or the County. We further find, however, that Central has not established that it is in the public interest at this time to expand its territory beyond the limits established herein.

Accordingly, we amend Certificate No. W-298a to reflect the boundaries set forth above. We have considered the evidence from the County, along with Central's evidence proffered to meet its burden to establish the public interest, and conclude that the expanded territory approved herein is in the public interest. This gives Central the right and the obligation to serve this area now, and as additional development occurs therein. Moreover, Central can request further expansion of its service territory if it believes subsequent circumstances so warrant.

Accordingly, IT IS ORDERED THAT:

(1) Botetourt's Petition is granted in part and denied in part as set forth herein.

(2) Central's Certificate No. W-298a is amended as set forth herein.

(3) Central shall forthwith file with the Commission's Division of Energy Regulation a detailed map of its service territory as set forth herein.

(4) This case is dismissed.

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[16] *See, e.g.,* Central's Dec. 16, 2009 Comments at 5.

[17] *Id.* (citation omitted).

[18] Senior Hearing Examiner's Report at 28 (citation omitted).

[19] *See, e.g.,* Botetourt's Dec. 16, 2009 Comments at 3.

[20] *See* Ex. 28; Botetourt's Dec. 16, 2009 Comments at 31.

[21] Senior Hearing Examiner's Report at 29. *See also* Botetourt's Dec. 16, 2009 Comments at 31; Central's Dec. 16, 2009 Comments at 1.

[22] This 1,000-foot buffer is intended to permit Central to extend facilities northward along either side of Route 220 – depending upon the specific technical and other practicable considerations.

[23] *See, e.g.,* Senior Hearing Examiner's Report at 13-16. In addition, "Central may construct facilities through this corridor to interconnect with Santillane, which is a system that is also majority-owned by Central's owners, and to interconnect with the Town of Fincastle." *Id.* at 27 (citation omitted).

[24] *See, e.g.,* Ex. 23, Sched. SAL-27.

[25] Central's Dec. 16, 2009 Comments at 5-6 (citations omitted).

CASE NO. PUE-2008-00078
MAY 18, 2010

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

Notification to the Commission of election to abandon the Company's bidding program and application to revise its cogeneration tariff pursuant to PURPA Section 210

FINAL ORDER

On August 8, 2008, Virginia Electric and Power Company ("Virginia Power" or "Company") filed with the State Corporation Commission ("Commission") a Notice of Election to Abandon Bidding Program and Application to Revise its Cogeneration Tariff Pursuant to Section 210 of the Public Utilities Regulatory Policies Act of 1978 ("PURPA") ("Application"). The Company: (1) "provide[d] formal notice to the Commission that [it] is no longer maintaining its Bidding Program [under 20 VAC 5-301-10 *et seq.*] effective as of the filing date of this notice;" and (2) filed the Application "to modify its Schedule 19 tariff for cogeneration and small power production."[1]

Virginia Power explained that, pursuant to an order by the Federal Energy Regulatory Commission ("FERC Order"), "the Company is no longer required to enter into new obligations or contracts with Qualifying Facilities ('QFs') that have a net capacity in excess of 20 MW."[2] Therefore, the Company's Application requests the following relief: "Virginia Power respectfully requests that the Commission approve its Application including the attached revised Schedule 19 tariff, and establishing such tariff as the methodology that the Company will use in lieu of the Bidding Rules to determine avoided costs under PURPA for purchases from QFs with a net capacity of 20 MW or less."[3]

The Company further stated that it filed its Notice of Election to Abandon its Bidding Program and its Application to modify Schedule 19 pursuant to a prior Commission directive in Case No. PUE-1998-00462.[4] Virginia Power asserted that the 1999 Order "stated that if the Company, at any time, intends to formally abandon its Bidding Program, it is to file a notice with the Commission of election to do so and include a 'complete description of the Company's methodology for determining its avoided costs under PURPA.'"[5] In this regard, the Company stated that: (1) "[t]he notice that the Company is formally abandoning its Bidding Program as of the date of this filing is provided [in the Application];" and (2) "[t]he Revised Schedule 19, in turn, contains the complete description of the Company's proposed methodology for determining avoided costs under PURPA for its residual QF obligation as to purchases from small QFs (*i.e.*, those 20 MW or less)."[6]

On September 26, 2008, the Commission issued an Order for Notice and Comment or Request for Hearing that docketed this case, required the Company to provide notice of its filing, provided an opportunity for comments and requests for hearing, and assigned a hearing examiner to conduct further proceedings in this matter. The Commission received comments from the following: Virginia Committee for Fair Utility Rates ("Committee"); Competitive Bidding Group ("CBG"); AES Solar Energy; Cvillenergy, LLC; and the Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel"). CBG requested a hearing.[7]

Chief Hearing Examiner Deborah V. Ellenberg convened an evidentiary hearing on April 17, 2009, in which the following participated: Virginia Power; Committee; CBG; Consumer Counsel; and Commission Staff ("Staff"). On March 25, 2010, the Chief Hearing Examiner issued a report that included the following findings and recommendations ("Chief Hearing Examiner's Report"):

(1) The Company has satisfied the requirements necessary to abandon its current bidding program;

(2) The revised Schedule 19 adequately describes the Company's avoided cost methodology;

(3) The change in the applicability of Schedule 19 to include facilities with a design capacity of 20 MW or less is reasonable and consistent with FERC action;

(4) All other proposed revisions to Schedule 19 are appropriate;

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[1] Application at 1.

[2] *Id.* at 2.

[3] *Id.* at 5.

[4] *Id.* at 1 (citing *Application of Virginia Electric and Power Company For Approval of Expenditures for New Generation Facilities pursuant to Va. Code § 56-234.3 and for a certificate of public convenience and necessity pursuant to Va. Code § 56-265.2*, Case No. PUE-1998-00462, 1999 S.C.C. Ann. Rep. 428, 429 ("1999 Order")).

[5] *Id.* at 3 (citation omitted).

[6] *Id.* at 3.

[7] In addition, on November 14, 2008, CBG filed a Motion for an Order Enjoining the Effectiveness of Virginia Electric and Power Company's Election to Abandon its Competitive Bidding Program ("Motion for Injunction"). The Company filed a response on December 1, 2008, and CBG filed a reply on December 8, 2008.

(5) The Commission should direct its Staff to prepare draft rules for a new bidding program consistent with the current environment and for smaller increments of non-base load generation; and

(6) The Competitive Bidding Group Motion for Injunction should be denied.[8]

On April 15, 2010, the following filed comments on the Chief Hearing Examiner's Report: Virginia Power; Committee; CBG; and Consumer Counsel.

Virginia Power requested that the Commission: (1) find "that the Company lawfully abandoned its voluntary bidding program, and terminated its obligations under the Bidding Rules, effective August 8, 2008;" (2) deny "CBG's Motion for Injunction;" and (3) determine "that an investigation and consideration of draft rules for a new bidding program, through a separate proceeding or otherwise, is unnecessary as the Commission already possesses ample and extensive authority to assure that project costs do not exceed just and reasonable levels."[9]

The Committee stated that: (1) the "Commission should reject both [the Chief Hearing Examiner's] finding that [Virginia Power] has satisfied the requirements necessary to abandon its bidding program and the [the Chief Hearing Examiner's] recommendation that the Commission accept [Virginia Power's] Notice of Election to abandon the program;" (2) the "Commission's Bidding Rules do not provide for unilateral withdrawal by the utility of a competitive bidding program. . ., and the [the Chief Hearing Examiner's] reliance upon the Commission's 1999 Order for the conclusion that [Virginia Power] has satisfied the requirements for abandonment of its bidding program is misplaced;" (3) "[n]othing in Virginia law *requires* the Commission to conclude that [Virginia Power's] Notice of Election effectively terminated its program;" (4) "any . . . draft rules [for a new bidding program] should address all types of capacity;" and (5) "[i]f the Commission permits [Virginia Power] to abandon its bidding program, the Commission should initiate another bidding program to take the place of the existing one; however, the Commission should reject any 'gap' between the new program and the existing one."[10]

CBG requested that the Commission: (1) "reject the [Chief] Hearing Examiner's Findings (1), (2) and (4) and find that the Company has failed to meet the requirements necessary to abandon its competitive bidding program;" (2) "accept with modifications Finding (5) and direct Staff to prepare draft rules for a new bidding program for all types and sizes of generation;" (3) "reject Finding (6) and enjoin the Company's abandonment of its bidding program until a new program can be established;" and (4) "reject the [Chief] Hearing Examiner's analysis of § 56-233.1 [of the Code] based on its being both incorrect and inconsistent with her earlier finding that the narrow scope of the proceeding did not allow for a full consideration of § 56-233.1 [of the Code]."[11]

Consumer Counsel stated as follows: (1) "Consumer Counsel agrees with the [C]hief [H]earing [E]xaminer's finding that [Virginia Power] may abandon its formal bidding program adopted pursuant to the Bidding Rules;" (2) "[i]n the absence of a formal competitive bidding program, the Commission should articulate the extent to which some form of competitive bidding, or other process to collect price and performance information from third-party power supply options, should be implemented in appropriate situations to ensure that self-build proposals are reasonable, prudent, and cost effective for ratepayers;" and (3) "consideration of such competitive solicitations or processes should not be automatically limited to only smaller increments of non-base load generation."[12]

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

Bidding Rules

Virginia Power established its Bidding Program pursuant to the Commission's Bidding Rules, 20 VAC 5-301-10 *et seq.* The Commission adopted the Bidding Rules in 1990.[13] As noted by the Chief Hearing Examiner, a "primary factor . . . in establishing the Bidding Rules was to provide an orderly structure to the process of utilities acquiring capacity from QFs under PURPA."[14] The Chief Hearing Examiner further explained that the "Bidding Rules allowed a utility to refuse offers of capacity that it did not need, avoiding costs for itself and its ratepayers, and when needed provided a process to evaluate sources of supply and provide assurance that supply was acquired at a reasonable cost."[15]

The Bidding Rules do not require a utility to establish a bidding program. For example, the Bidding Rules state as follows:

- The purpose of these rules is to establish minimum requirements for any electric utility bidding program that is used to purchase electric capacity and energy from other power suppliers. (20 VAC 5-301-10.)

- Electric utilities maintain the right to establish a bidding program or secure electric capacity and energy through other means. (20 VAC 5-301-10.)

[8] Chief Hearing Examiner's Report at 16.

[9] Virginia Power's April 15, 2010 Comments at 18.

[10] Committee's April 15, 2010 Comments at 12-13 (emphasis in original).

[11] CBG's April 15, 2010 Comments at 21.

[12] Consumer Counsel's April 15, 2010 Comments at 4.

[13] *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: In the matter of adopting Commission rules for electric capacity bidding programs,* Case No. PUE-1990-00029, 1990 S.C.C. Ann. Rep. 340 ("Bidding Rules Order").

[14] Chief Hearing Examiner's Report at 11.

[15] *Id.* at 12. *See also* 20 VAC 5-301-90 ("A utility with an active competitive bid program may refuse offers of capacity that have been received outside of a bidding process.").

- If a utility chooses to establish a bidding program, that program must be an integral part of the utility's long-term resource plan. (20 VAC 5-301-30.)

The Commission has also previously explained that "the *establishment* of a bidding program under [the Bidding Rules] by an electric utility is voluntary."[16] Indeed, Virginia Power is the only investor-owned electric utility that chose to establish a formal bidding program under the Bidding Rules.[17]

In addition, the Bidding Rules do not require the utility to accept bids from *all* potential supply sources. As stated by the Chief Hearing Examiner:

> Rule 20 of the Bidding Rules[, 20 VAC 5-301-20,] also states that 'a utility may allow all sources of capacity to submit offers in a bidding program. This could include other electric utilities, independent power producers, cogenerators and small power producers.' The Bidding Rules Order explained that Rule 20 allowed a utility 'to solicit proposals from all sources of capacity or to limit its bidding program to PURPA qualifying facilities. Although we believe that in most circumstances all source bidding will optimize the resources available to the utility *we will not impose a mandatory requirement* to include all sources.'[18]

The Bidding Rules also do not address the method for how, once a utility has established a formal bidding program, the utility is to go about abandoning or terminating such program. The Commission's 1999 Order, however, provided direction to the Company in this regard. Specifically, the 1999 Order stated as follows:

> If at any time Virginia Power intends to formally abandon its bidding program, then the Company is directed to file with this Commission its notice of election to do so. Included in such notice shall be a complete description of the Company's methodology for determining its avoided costs under PURPA. This methodology will be in lieu of the use of competitive bids for determining avoided costs.[19]

Bidding Program

The Bidding Rules do not require the Company to obtain the Commission's approval prior to abandoning its voluntary Bidding Program. We also find that the voluntary nature of such Bidding Program – as set forth in the Bidding Rules – should not be modified as to Virginia Power as a result of this proceeding; we will not herein require the Company to maintain an involuntary bidding program. Accordingly, we accept the Company's "Notice of Election . . . that it is hereby formally abandoning its bidding program . . . as of the filing date of [such] notice."[20]

While we accept Virginia Power's Notice of Election to Abandon its Bidding Program, the Commission has previously explained that "evidence from a competitive bid process may be relevant in supporting a utility's claim that its application to construct and operate a new generating facility satisfies statutory requirements that the Commission must apply thereto."[21] Thus, absent a formal Bidding Program, we note that the Company still has the duty to meet its electricity supply obligations to its customers in a reasonable and prudent manner. For example, should the Company seek to provide power through a self-build option, the construction of a proposed generating facility (including costs and other attributes attendant thereto) must be found reasonable and prudent under Virginia statutes. In making such determination, evidence relating to the costs and other attributes of competitive alternatives – such as other technologies for self-build options, contracts for purchased power, or other alternatives – may be relevant in determining the reasonableness or prudence of any self-build proposal.

In addition, we will not at this time initiate a new rulemaking proceeding to impose competitive bidding on all electric utilities. An applicant requesting authority to construct a generating facility retains the burden to meet all statutory requirements related thereto. Indeed, the Commission previously noted that it "has never mandated competitive bidding as part of the filing requirements for new generating facilities."[22] This is because, even without any such mandatory requirement, the applicant must decide whether it will attempt to prove its case and obtain Commission approval of a proposed generating facility with – or without – evidence resulting from a competitive bid process.

Schedule 19

The Company proposed the following revisions to Schedule 19:

> (a) increase[] the present 100 kW design capacity applicability limit to 20 MW consistent with the Company's residual QF purchase obligation under the FERC Order; (b) revise[] Section I to delete the language addressing

[16] *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, Final Order at 16-17 (March 27, 2009) ("Bear Garden Order") (emphasis in original).

[17] *See, e.g.,* Virginia Power's April 15, 2010 Comments at 6; Ex. 2 at 4; Tr. 65-66.

[18] Chief Hearing Examiner's Report at 11-12 (quoting Bidding Rules Order at 341 (emphasis added)).

[19] 1999 Order at 429.

[20] Application at 1.

[21] Bear Garden Order at 17.

[22] *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: In the matter of revising the rules of the State Corporation Commission governing applications to construct and operate electric generating facilities*, Case No. PUE-2008-00066, 2008 S.C.C. Ann. Rep. 581, 583.

the potential for FERC findings under PURPA Section 210(m)(1) because such findings were made in the FERC Order; and (c) revise[] Section VII to include the possibility of contract terms for longer than one year.[23]

In addition, the Company "proposed no changes in the avoided cost methodology previously approved by the Commission for Schedule 19."[24]

We also note, as did the Chief Hearing Examiner, that Staff did not object to the Company's proposed revisions to Schedule 19. The Chief Hearing Examiner further explained that Staff "observed that 20 MW facilities are still substantially smaller than utility-scale generation facilities, and standard payments based on publicly accessible PJM [Interconnection, LLC] market data reasonably reflect the Company's avoided cost with respect to small QFs for which the schedule was designed and is balanced with consideration for transparency, simplicity, and cost-effective administration."[25]

We adopt the Chief Hearing Examiner's findings that: (1) "[t]he revised Schedule 19 adequately describes the Company's avoided cost methodology;" (2) "[t]he change in the applicability of Schedule 19 to include facilities with a design capacity of 20 MW or less is reasonable and consistent with FERC action;" and (3) "[a]ll other proposed revisions to Schedule 19 are appropriate."[26] Accordingly, we approve the Company's proposed revised Schedule 19 tariff and "establish[] such tariff as the methodology that the Company will use in lieu of the Bidding Rules to determine avoided costs under PURPA for purchases from QFs with a net capacity of 20 MW or less."[27]

Accordingly, IT IS HEREBY ORDERED THAT:

(1) Virginia Power's August 8, 2008 Notice of Election to abandon its Bidding Program is accepted.

(2) Virginia Power's Application is granted.

(3) CBG's Motion for Injunction is denied.

(4) This case is dismissed.

Commissioner Dimitri did not participate in this matter.

[23] Virginia Power's May 22, 2009 Post-Hearing Brief at 7-8.

[24] *Id.* at 8.

[25] Chief Hearing Examiner's Report at 6 (citing Ex. 11 at 4).

[26] *Id.* at 16.

[27] Application at 5.

CASE NO. PUE-2008-00079
JULY 29, 2010

APPLICATION OF
APPALACHIAN POWER COMPANY

For a certificate of public convenience and necessity for facilities in Montgomery and Roanoke Counties: Matt Funk 138 kV Transmission Line Project

ORDER EXTENDING PROJECT COMPLETION DATE

On July 21, 2010, Appalachian Power Company ("Appalachian" or "Company") filed with the State Corporation Commission ("Commission") its Motion for Extension of Date for Completion of Construction ("Motion") of a transmission project in Roanoke and Montgomery Counties. As the Company discussed in its Motion, the Commission's approval of the project included the requirement that construction of the bus tie and 138 kV transmission line be completed within 18 months of June 24, 2009, but allowed the Company to apply for an extension of this date for good cause.[1] Appalachian states that it has made significant progress and has completed surveying, environmental studies, design, and a majority of right-of-way acquisition. However, completion of the project will take additional time, and the Company requests extension of the completion date to June 24, 2012.[2]

NOW THE COMMISSION, having considered the Motion, is of the opinion and finds, good cause having been shown, the Motion should be granted and the completion date extended.

[1] *Application of Appalachian Power Company, For a certificate of public convenience and necessity for facilities in Montgomery and Roanoke Counties: Matt Funk 138 kV Transmission Line Project*, Case No. PUE-2008-00079, Final Order, Ordering Para (4) (June 24, 2009).

[2] Motion at 2.

Accordingly, IT IS ORDERED THAT:

(1) Case No. PUE-2008-00079 be placed in active status in the records maintained by the Clerk of the Commission and restored to the Commission's docket.

(2) The Company's Motion be granted.

(3) Ordering Paragraph (4) of the Final Order of June 24, 2009, be modified to provide that construction of the bus tie and transmission line be completed on or before June 24, 2012, provided that the Company may apply for an extension of this date for good cause shown.

(4) All other provisions of the Final Order of June 24, 2009, shall remain in full force and effect.

(5) Case No. PUE-2008-00079 be dismissed from the Commission's docket and placed in closed status in the records maintained by the Clerk of the Commission.

CASE NOS. PUE-2009-00011, PUE-2009-00016, PUE-2009-00017, PUE-2009-00018, PUE-2009-00019, AND PUE-2009-00081 MARCH 11, 2010

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 the rate adjustment clause, Rider S, with respect to the Virginia City Hybrid Energy Center generation and transmission facilities located in Wise County, Virginia

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

To revise its fuel factor pursuant to § 56-249.6 of the Code of Virginia

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval of a Rate Adjustment Clause for Recovery of the Costs of the Bear Garden Generating Station and Bear Garden-Bremo 230 kV Transmission Interconnection Line

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

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For a 2009 statutory review of rates, terms and conditions for the provision of generation, distribution, and transmission services pursuant to § 56-585.1 A of the Code of Virginia

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

ORDER APPROVING STIPULATION AND ADDENDUM

On March 31, 2009, in Case No. PUE-2009-00019, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Virginia Power" or "Company") filed an application with the State Corporation Commission ("Commission") for statutory review of its rates, terms and conditions for the provision of generation, distribution, and transmission services ("Application") pursuant to § 56-585.1 A of the Code of Virginia ("Code"). The Company requested an annual base rate increase of $298 million. On April 6, 2009, the Company submitted an errata filing to its Application, which changed its requested annual base rate increase to $289 million.

On April 21, 2009, the Commission issued an Order for Notice and Hearing that established the procedural requirements for Case No. PUE-2009-00019, scheduled a public evidentiary hearing to commence on January 20, 2010 ("January 20th hearing"), directed Virginia Power to provide direct and published notice of the proceeding, and suspended the Company's proposed rates until September 1, 2009, the maximum period permitted by statute. On April 21, 2009, the Commission issued an order granting the Company a limited waiver of certain filing requirements under 20 VAC 5-201-90.

The following parties filed notices of participation: Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"); Fairfax County Board of Supervisors ("Fairfax"); Department of the Navy, on behalf of the Federal Executive Agencies ("Federal Executive Agencies"); Robert A. Vanderhye; Virginia Committee for Fair Utility Rates ("Committee"); Virginia Cable Telecommunications Association ("VCTA"); Chaparral

(Virginia) Inc. ("Chaparral"); MeadWestvaco Corp. ("MeadWestvaco"); Wal-Mart Stores East, LP and Sam's East, Inc. (collectively, "Wal-Mart"); The Kroger Co. ("Kroger"); the Apartment and Office Building Association of Metropolitan Washington ("AOBA"); International Paper Company ("IP"); and Utility Professional Services, Inc. ("UtilityPros").

On June 29, 2009, the Commission issued an Order on Consumer Counsel's Motion *in Limine*, which (1) found that the rate year in Case No. PUE-2009-00019 is September 1, 2009 through August 31, 2010, and (2) directed the Company to amend its Application as necessary to comply with such finding.

On July 14, 2009, the Commission issued an Order on Commission Staff's ("Staff") Motion *in Limine*, which (1) found that § 56-585.1 A 10 of the Code mandates that, in Case No. PUE-2009-00019, "the Commission shall . . . utiliz[e] the actual end-of-test period capital structure and cost of capital of such utility," and (2) directed the Company to amend its Application as necessary to comply with such finding.

On July 24, 2009, Virginia Power filed amendments to its Application pursuant to the aforementioned June 29 and July 14, 2009 orders of the Commission. The Company lowered its requested annual base rate increase to $250.2 million.[1]

On September 1, 2009, Virginia Power increased its base rates by its requested $250.2 million, on an interim basis and subject to refund, as permitted by statute.

On November 5, 2009, Virginia Power, Consumer Counsel, Chaparral, MeadWestvaco, Wal-Mart, Kroger, AOBA, and IP filed, for the six cases captioned above, a Joint Motion for Leave to Present Stipulation ("Stipulation") and Proposed Recommendation and Modification of the Commission's Procedural Order ("Joint Motion").[2] The Stipulation proposed, among other things, to credit customers $397 million, to reduce base rates to their pre-September 1, 2009 level,[3] and to refund to customers all charges above that level collected by Virginia Power since September 1, 2009. The Joint Motion asked the Commission to reschedule the January 20th hearing to the earliest practical date to consider the Stipulation, and to provide notice of the rescheduled hearing.

On December 2, 2009, the Commission issued an Order on Joint Motion that, among other things: (1) explained that Staff had yet to file its testimony and recommendations; (2) denied as impractical the request to accelerate the January 20th hearing (due to the current procedural status of the case and the time required to publish notice of a new hearing); (3) noted that all issues (which included the Stipulation) could be addressed at the January 20th hearing; and (4) scheduled a prehearing conference. On December 9, 2009, the Staff filed its testimony on the Application and recommended an annual base rate decrease of $365.3 million.[4]

On January 6, 2010, the Commission held a pre-hearing conference to address procedural matters related to the January 20th hearing and on January 7, 2010, issued a guidance document regarding the conduct of such hearing.

The Commission held the public evidentiary hearing on the following days: January 20, 21, 22, 26, 27, 28, and 29, 2010, and February 2, 3, and 4, 2010. The Commission received testimony from approximately 40 witnesses for the participants in this proceeding and admitted over 125 exhibits into the record. The Commission also heard testimony from 13 public witnesses, and over 30 written or electronic public comments were submitted in this case.

On February 11 and 22, 2010, respectively, the Commission issued a guidance document regarding, and an order establishing the due date for, post-hearing briefs.

On February 26, 2010, the Staff, Federal Executive Agencies, Fairfax, Committee, VCTA, and Mr. Vanderhye – along with the parties to the previously-filed Stipulation – jointly filed: (1) an Addendum and Modification of Stipulation and Recommendation ("Addendum"); and (2) a Joint Motion to Suspend Briefing Schedule. The Addendum, among other things, increases the benefit to customers from $397 million (as reflected in the Stipulation) to $726 million,[5] includes credits through 2012, and prohibits the Company from increasing base rates prior to December 1, 2013.[6] In addition, Virginia Power would refund to customers its September 1, 2009 interim base rate increase; the amount of this refund would be dependent upon the exact amount of charges collected since that date and, for example, could exceed $145 million.[7] The Addendum requests that the Commission issue an order approving "the Stipulation, as supplemented, or modified as indicated, by the provisions set forth herein."[8]

On February 26, 2010, the Commission issued an order suspending the briefing schedule and scheduling an evidentiary hearing to receive evidence on the Stipulation and Addendum.

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[1] *See* Ex. 26 at 13 (Bolton suppl. direct).

[2] The Stipulation was admitted to the record as Ex. 5. UtilityPros subsequently joined in the Stipulation. *See* Tr. 778-780.

[3] In addition, pre-September 1, 2009 base rates would be further reduced by $149.4 million to reflect that certain costs previously included therein are currently being recovered through a separate rate adjustment clause under § 56-585.1 A 4 of the Code (*see* Case No. PUE-2009-00018).

[4] *See* Ex. 53, Statement XIV (Pate direct). Staff subsequently reduced this amount to an annual base rate decrease of $352 million. *See* Ex. 54.

[5] This includes the Company's agreement to waive recovery of certain previously-incurred and federally-approved costs related to providing transmission service, as well as base rate credits of $66 million per year in 2011 and 2012.

[6] This provision, however, does not preclude all rate increases prior to that date. For example, the Company may still seek rate increases under Virginia statutes related to fuel cost recovery, rate adjustment clauses, and emergency conditions.

[7] This illustration simply reflects a straight-line calculation for seven months of a $250.2 million annual increase.

[8] Addendum at 2.

On March 4, 2010, the Commission held an evidentiary hearing to receive evidence on the Stipulation and Addendum.[9]

On March 8, 2010, Mr. Vanderhye filed a post-hearing brief. Mr. Vanderhye asserts that the Company "has not established that its rate structure for Residential Schedule 1 is 'just' and 'reasonable' as it relates to its primarily declining nature, the months selected for declining and inclining, and the cutoff between declining and inclining."[10] Mr. Vanderhye originally proposed an inclining block rate structure.[11] On brief, however, Mr. Vanderhye states that "[s]ince the provision of an all-year-round inclining block rate schedule may be too ambitious for this proceeding . . . , it is recommended that at the present time [Virginia Power] simply be required to come up with a flat rate schedule that obtains the same revenue as the present unjust rate schedule."[12]

On March 9, 2010, Staff and all of the parties in Case Nos. PUE-2009-00011 and PUE-2000-00017 filed joint motions requesting the following modifications, as reflected in the Stipulation and Addendum, to Rider S (Case No. PUE-2009-00011) and Rider R (Case No. PUE-2009-00017): (1) extend the filing date of Riders S and R applications from March 31, 2010 to on or before June 30, 2010, and on or before June 30 of each year thereafter; and (2) extend the currently approved terms of Riders S and R at the existing rate of recovery through March 31, 2011.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the Stipulation and Addendum shall be approved.[13] We find that the Stipulation and Addendum, taken as a whole, are just and reasonable and satisfy the relevant statutory requirements attendant to the above-captioned cases.[14] We emphasize, however, that such finding does not establish precedent for any specific matter addressed in the Stipulation and Addendum. Finally, we note that the combination of refunds and credits provided through 2012, the elimination from future recovery of certain federally-approved transmission charges, and the reduction of base rates to their pre-September 1, 2009 level are particularly important for both residential and business consumers during the current economic conditions and should help to promote economic development in the Commonwealth.

Accordingly, IT IS ORDERED THAT:

(1) The Stipulation and Addendum (attached hereto) are approved, and Virginia Power is directed to comply therewith.

(2) In Case No. PUE-2009-00019:

(a) Virginia Power shall forthwith file revised tariffs and terms and conditions of service with the Commission's Division of Energy Regulation, in accordance with the Stipulation and Addendum, effective for service rendered on and after September 1, 2009.

(b) Virginia Power shall recalculate, using the rates and charges approved herein, each bill it rendered that used, in whole or in part, the rates and charges that took effect under bond and subject to refund on and after September 1, 2009, and, where application of the new rates results in a reduced bill, refund the difference with interest as set out below within sixty (60) days of the issuance of this Final Order.

(c) Interest upon the ordered refunds shall be computed from the date payments of monthly bills were due to the date each refund is made at the average prime rate for each calendar quarter, compounded quarterly. The average prime rate for each calendar quarter shall be the arithmetic mean, to the nearest one-hundredth of one percent, of the prime rate values published in the *Federal Reserve Bulletin* or in the Federal Reserve's Selected Interest Rates (Statistical Release H.15) for the three (3) months of the preceding calendar quarter.

(d) The refunds ordered herein may be credited to current customers' accounts. Refunds to former customers shall be made by check mailed to the last known address of such customers when the refund amount is $1 or more. Virginia Power may offset the credit or refund to the extent of any undisputed outstanding balance for the current or former customer. No offset shall be permitted against any disputed portion of an outstanding balance. Virginia Power may retain refunds to former customers when such refund is less than $1. Virginia Power shall maintain a record of former customers for which the refund is less than $1, and such refunds shall be promptly made upon request. All unclaimed refunds shall be subject to § 55-210.6:2 of the Code.

(e) Virginia Power shall deliver to the Commission's Divisions of Public Utility Accounting and Energy Regulation a report showing that all refunds have been made pursuant to this Order, detailing the costs of the refunds and the accounts charged.

(f) Virginia Power shall bear all costs incurred in effecting the refunds ordered herein.

(g) This case is dismissed.

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[9] The Addendum was admitted to the record as Ex. 5A.

[10] Vanderhye post-hearing brief at 9.

[11] *See, e.g.,* Ex. 35 at 3 (Vanderhye direct).

[12] Vanderhye post-hearing brief at 9.

[13] We likewise grant the March 9, 2010 joint motions to extend the filing dates and currently approved terms for Riders S and R.

[14] In addition, we will not impose a new rate structure for residential customers as part of the instant proceeding. We agree with the Company that significant rate design modifications should not be implemented without a more thorough investigation that analyzes the impacts of such changes. *See, e.g.,* Ex. 111 at 39-45 (Koogler rebuttal). Although we conclude that the Company's existing rate structure continues to be just and reasonable, we also find that an inclining block rate structure and a flat rate structure should be further evaluated. Specifically, we direct the Company to submit, as part of its March 31, 2011 biennial review filing, two analyses (which shall include an explanation of the assumptions, procedures, and findings of each) for residential customers: (i) an analysis of the impacts of implementing a specific all-year-round inclining block rate structure; and (ii) an analysis of the impacts of implementing a specific all-year-round flat rate structure.

(3) The filing date for Riders S and R applications is extended from March 31, 2010 to on or before June 30, 2010, and on or before June 30 of each year thereafter, and the currently approved terms of Riders S and R are extended at the existing rate of recovery through March 31, 2011.

(4) In Case Nos. PUE-2009-00011 and PUE-2009-00017:

(a) Virginia Power shall forthwith file revised tariffs and terms and conditions of service with the Commission's Division of Energy Regulation to reflect this Order Approving Stipulation and Addendum, including the base return on common equity contained in the Stipulation and Addendum.

(b) Virginia Power shall recalculate prior bills using the base return on common equity contained in the Stipulation and Addendum, and shall provide refunds, with interest, contemporaneous with the refunds ordered above.

(c) These cases are dismissed.

(5) Case No. PUE-2009-00016 is continued.

(6) Case No. PUE-2009-00018 is re-opened for this Order Approving Stipulation and Addendum and is otherwise dismissed.

(7) Case No. PUE-2009-00081 is continued.

NOTE: A copy of Exhibit A entitled "Stipulation and Recommendation" 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-2009-00026
MAY 4, 2010

APPLICATION OF
APPALACHIAN NATURAL GAS DISTRIBUTION COMPANY

For an increase in rates

FINAL ORDER

On August 19, 2009, Appalachian Natural Gas Distribution Company ("ANGD" or "Company") filed with the State Corporation Commission ("Commission") an application for an increase in rates, pursuant to 20 VAC 5-201-10 *et seq*. of the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings. The Company requested an annual revenue increase of $217,301 for bills rendered on and after December 1, 2009, to be apportioned among ANGD's two service areas: $14,905 for the Appalachian Service Area and $202,396 for the Bluefield Service Area.

The Commission entered an Order for Notice and Hearing on September 21, 2009, which, among other things, established a procedural schedule; assigned the case to a Hearing Examiner; and scheduled an evidentiary hearing for March 31, 2010.

On January 28, 2010, the Company filed a Motion to File Supplemental Schedules and Other Information. Pursuant to 5 VAC 5-20-130, the Company requested permission to amend and supplement its Application to replace Schedule 40.[1] The Company's revised Schedule 40, as well as revised Schedules 9, 11, 12, 14, 19, 21, 22, 24, 29A, B, D-R, and 36, were all accepted for filing pursuant to a Hearing Examiner's Ruling on February 2, 2010.

On February 24, 2010, the Staff filed its testimony pursuant to Ordering Paragraph (13) of the Commission's Order. After the Staff filed its testimony, it determined that minor revisions to its analysis of depreciation expenses were necessary. Although minor in nature, the revisions impacted the Staff's calculation of the Company's revenue requirement for the two service areas. On March 1, 2010, the Staff filed a Motion for Leave to File Supplemental Testimony and Exhibits ("Staff Motion"), and on March 3, 2010, the Hearing Examiner entered a Ruling granting the Staff Motion and accepting the filing of the supplemental testimony of Staff witnesses Carol A. Barrow and Marc A. Tufaro.

On March 31, 2010, a public hearing was convened before Michael D. Thomas, Hearing Examiner. No public witnesses appeared at the hearing. The Company and the Staff presented a Joint Motion to Accept Stipulation and Stipulation for consideration. The Stipulation provided for the following revenue requirements:

Appalachian Service Area – no change in annual revenue; and
Bluefield Service Area – increase in annual revenue of $217,301.

Attachment A of the Stipulation contains the tariff rates and rate design to be used in collecting the required revenue from the two service areas.

Additionally, the Company and the Staff agreed that an authorized Return on Equity ("ROE") range of 11.0% to 12.0% is reasonable. For purposes of the company's future earnings tests, the Company and the Staff agreed that an 11.5% ROE benchmark, the midpoint of the ROE range of 11.0% to 12.0%, will be used for determining overearnings and such benchmark shall continue to be used unless and until there is a change in the ROE range authorized by the Commission. The Company further agreed in the Stipulation to:

[1] The Amendment to the Application supplements the original Application to revise and replace Schedule 40, which in turn, necessitated revisions to Schedules 9, 11, 12, 14, 19, 21, 22, 24, 29A, B, D-R, and 36.

- Implement, effective January 1, 2010, deferred gas accounting in its Appalachian Service Area using the Federal Energy Regulatory Commission ("FERC") Uniform System of Accounts ("USOA") Account No. 191, Unrecovered Purchased Gas Costs.
- Book its payroll tax expenses to FERC USOA Account No. 408, Taxes Other than Income Taxes.
- Calculate unbilled revenue for each customer class, separately, using each customer class's individual base and fuel rates.
- File a depreciation study updated as of December 31, 2010, with the Division of Public Utility Accounting on or before June 30, 2011.
- File tariffs prepared in conformance with the Stipulation with the Commission for its review and approval. The tariff sheets reflecting the stipulated rates and changes to the existing tariffs are included as Attachment B of the Stipulation.
- Refund, with such interest as the Commission may direct, the difference between the rates that went into effect for its Appalachian Service Area for service rendered on and after December 1, 2009, and those set forth in the Stipulation within 90 days of the Commission's Final Order in this proceeding.

Pursuant to Rule 20 VAC 5-201-10 E of the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings, the Staff and ANGD agreed to waive the requirement that the Company file an Annual Informational Filing for the twelve months ended December 31, 2009. The waiver does not apply to subsequent annual informational filings.

On April 15, 2010, Hearing Examiner Michael D. Thomas filed his Report in this proceeding. In his Report, the Hearing Examiner found that the Stipulation represents a reasonable compromise of the issues in this proceeding; that the stipulated rates are just, fair and reasonable; that the Joint Motion to Accept Stipulation should be granted; and that the comment period to his Report should be waived. The Hearing Examiner recommended that the Commission enter an order that: (i) adopts the findings contained in his Report; (ii) grants the Joint Motion to Accept Stipulation; (iii) adopts the Stipulation; and (iv) orders the Company to make refunds as provided for in the Stipulation at the statutory interest rate.

NOW THE COMMISSION, having reviewed the evidence and applicable law, hereby accepts the recommendations of the Hearing Examiner.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the April 15, 2010 Hearing Examiner's Report are hereby adopted.

(2) The Motion to Accept the Stipulation is granted, and the Stipulation is hereby adopted.

(3) The rates and tariffs set out in Attachments A and B to the Stipulation accepted herein shall be implemented for service rendered on and after the date of this Final Order.

(4) The requirement that ANGD file an Annual Informational Filing for the twelve (12) months ended December 31, 2009, is hereby waived.

(5) The Company shall implement, effective January 1, 2010, deferred gas accounting in its Appalachian Service Area using the FERC USOA Account No. 191, Unrecovered Purchased Gas Costs.

(6) The Company shall book its payroll tax expenses to FERC USOA Account No. 408, Taxes Other than Income Taxes.

(7) The Company shall calculate unbilled revenue for each customer class separately, using each customer class's individual base and fuel rates.

(8) The Company shall file a depreciation study updated as of December 31, 2010, with the Division of Public Utility Accounting on or before June 30, 2011.

(9) The Company shall file tariffs prepared in conformance with the Stipulation with the Commission for its review and approval. The tariff sheets reflecting the stipulated rates and changes to the existing tariffs are included as Attachment B of the Stipulation.

(10) The Company shall refund, at the statutory interest rate, the difference between the rates that went into effect for its Appalachian Service Area for service rendered on and after December 1, 2009, and those set forth in the Stipulation within ninety (90) days of the entry of this Final Order.

(11) Interest upon the ordered refunds shall be computed from the date payments of monthly bills were due to the date each refund is made at the average prime rate for each calendar quarter, compounded quarterly. The average prime rate for each calendar quarter shall be the arithmetic mean, to the nearest one-hundredth of one percent (.01%) of the prime rate values published in the *Federal Reserve Bulletin* or in the *Federal Reserve's Selected Interest Rates* (Statistical Release H.15) for the three (3) months of the preceding calendar quarter.

(12) The refunds ordered herein may be credited to current customers' accounts. Refunds to former customers shall be made by check mailed to the last known address of such customers where the refunded amount is One Dollar ($1.00) or more. ANGD may offset the credit or refund to the extent of any undisputed outstanding balance for its current or former customers. No offset shall be permitted against any disputed portion of an outstanding balance. ANGD may retain refunds to former customers when the refund amount is less than One Dollar ($1.00), and such refunds shall be promptly made upon request. All unclaimed refunds shall be subject to § 55-210.6:2 of the Code of Virginia.

(13) Within one hundred twenty (120) days of entry of this Final Order, ANGD shall deliver to the Divisions of Public Utility Accounting and Energy Regulation a report showing that all refunds have been made pursuant to this Final Order, detailing the costs of the refund and the accounts charged.

(14) ANGD shall bear all costs incurred in effecting the refund ordered herein.

(15) There being nothing further to come before the Commission, this case is hereby dismissed and the papers herein placed in the Commission's file for ended causes.

CASE NO. PUE-2009-00029
MARCH 4, 2010

APPLICATION OF
KENTUCKY UTILITIES COMPANY d/b/a OLD DOMINION POWER COMPANY

For an adjustment of electric base rates

FINAL ORDER

On June 3, 2009, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP" or "Company") filed an application with the State Corporation Commission ("Commission") requesting authority to adjust its electric base rates ("Application") pursuant to Chapter 10 of Title 56 (§ 56-232 *et seq.*) of the Code of Virginia ("Code") and the Rules Governing Utility Rate Applications and Annual Informational Filings (20 VAC 5-201-10 *et seq.*).

In its Application, KU/ODP requested an increase in rates in the amount of $12.2 million over present total revenue, or a 21% increase in its total operating revenues, including fuel. This proposed revenue requirement increase reflects a rate of return on rate base of 8.586%, based on a return on equity ("ROE") of 12% and an actual capital structure for the Company as of December 31, 2008. According to the Application, the proposed rate increase would raise the monthly bill of a typical residential customer using 1000 kilowatt-hours of electricity from $70.05 per month to $91.64 per month, an increase of $21.59 or 30.81%.

The Company included in this Application various proposed changes to its present Terms and Conditions on file with the Commission, including provisions implementing a proposed Late Payment Charge and replacing the existing Rural Extension Plan with a new Line Extension Plan. KU/ODP also proposed implementing three new rate schedules, which the Company asserts will more accurately reflect the cost of service and provide enhanced price signals to customers. The proposed Retail Transmission Service (Schedule RTS) is a time-of-day rate with a demand charge billed on a kilovolt ampere basis and is proposed to be applicable to all transmission customers. The proposed Time-of-Day Service (Schedule TOD) is a time-of-day rate that would be optional for certain large power customers. The proposed Excess Facilities Charge would apply whenever a customer requests a service arrangement requiring equipment and facilities in excess of those the Company would normally install.

In its Application, the Company stated that it expected the Commission to suspend its proposed rate schedules for 150 days from the date of filing and allow the Company to put the proposed rates into effect on an interim basis on November 1, 2009. KU/ODP also stated that it would not place its proposed Terms and Conditions and other miscellaneous charges into effect until the Commission enters its final order in this proceeding. Further, KU/ODP stated that it would not place its proposed Late Payment Charge or Line Extension Plan into effect until sixty (60) days after the Commission's final order in this case to permit customers time to transition to these particular charges.

The Commission issued an Order Suspending Rate Increase on July 2, 2009, suspending the proposed increase in rates, charges, and terms and conditions of service to and through October 31, 2009. Accordingly, the Commission held that the Company may, but was not obligated to, implement the proposed rates, charges, and terms and conditions for service rendered on and after November 1, 2009, on an interim basis, subject to refund with interest.

On July 10, 2009, the Commission issued an Order for Notice and Hearing directing KU/ODP to provide notice of its Application, inviting comments on the Application by interested persons, scheduling public hearings on the Application, and establishing a procedural schedule for the filing of testimony and exhibits by respondents and the Staff of the Commission ("Staff").

No notice of participation was filed by any party interested in participating in the proceeding as a respondent. However, the Commission has received over 900 comments from KU/ODP customers and local officials opposing the timing and size of the proposed rate increase. Public hearings were conducted in Norton, Virginia, on November 18, 2009, for the purpose of receiving testimony from public witnesses. Twenty witnesses appeared during the three separate sessions held in Norton, Virginia, on November 18, 2009. Public witness concerns focused largely on the timing of the large increase and the adverse effect it would have on the community during current economic conditions.

On December 2, 2009, the Staff filed testimony recommending that KU/ODP's requested revenue requirement be reduced to an increase of $9,217,622 based on the Staff's recommended ROE midpoint of 10.0% and other accounting adjustments made by the Staff. The Staff also recommended that the revenue allocation proposed by the Company be adjusted so that any rate increase approved by the Commission be allocated equally across all customer classes. Staff also recommended reducing certain customer charges that the Company had increased and implemented on an interim basis.

On December 21, 2009, KU/ODP and the Staff filed a Joint Motion to Accept Stipulation, which the Company and Staff recommended as a resolution of all the issues in this proceeding. According to the Stipulation, KU/ODP and the Staff recommend that the Commission adopt a revenue requirement increase of $10,627,756 for base rates with a total operating revenue increase of $11,002,937 for KU/ODP. The increase is based on a recommended authorized ROE range of 10.00% to 11.00%, using a midpoint ROE of 10.5% for purposes of setting the revenue requirement in this case, and the Staff's pro forma adjustments to update rate base by $8,874,641 to reflect a portion of non-revenue producing investments made by KU/ODP during the pro forma year. The Stipulation also included resolution of the issues involving cost allocation and rate design and, in part, reduces several of the proposed customer charges that KU/ODP had increased and implemented on an interim basis on November 1, 2009.

On February 22, 2010, the Chief Hearing Examiner issued her Report in which she summarized the record, including the public witness testimony presented in Norton, Virginia, and the testimony and exhibits presented by KU/ODP and the Staff. The Chief Hearing Examiner found that based on the evidence received in this case:

(1) The Stipulation presents a reasonable resolution to those issues which it addresses and should be adopted;

(2) The use of a test year ending December 31, 2008, is proper in this proceeding;

(3) The Company's current cost of equity is within a range of 10.00% - 11.00%, and the Company's rates should be established based on the 10.5% midpoint of the range;

(4) The Company's adjusted test year rate base is $163,602,106;

(5) The Company's application requesting additional gross annual base rate revenues of $12.2 million is unjust and unreasonable;

(6) An annual base rate revenue increase of $10,627,756 as recommended in the Stipulation, however, is justified and reasonable;

(7) After adding late payment fees and other operating revenues, the increase to total operating revenues would be $11,002,973;

(8) The revenue allocation methodology recommended in the Stipulation is just and reasonable;

(9) The rates, charges, and tariff provisions recommended in the Stipulation are just and reasonable;

(10) The Company should be directed to file cost of service studies as part of its application in its next base rate case using, at a minimum, the methodologies set forth in the Stipulation; and

(11) The Company should be directed to refund, with such interest as the Commission may direct, the difference between the rates that went into effect on an interim basis for service rendered on and after November 1, 2009, and those set forth in the Stipulation.

Accordingly, the Chief Hearing Examiner recommended that the Commission enter an Order that: (i) adopts the findings in her Report; (ii) adopts the Stipulation presented by KU/ODP and the Staff; (iii) grants the Company a base rate revenue requirement increase of $10,627,756; and (iv) dismisses this case from the Commission's docket of active cases.

On February 24, 2010, KU/ODP filed a response to the Chief Hearing Examiner's Report requesting that the Commission accept the recommendations of the Chief Hearing Examiner and stating that entry of an order by the Commission by March 30, 2010, approving the rates recommended therein would allow the change in the base rates to become effective April 1, 2010.

NOW THE COMMISSION, upon consideration of the Company's Application, the record herein, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Chief Hearing Examiner should be adopted. We find that the Stipulation satisfies the statutory requirements that we must follow in this case. Accordingly, we will approve and adopt the Stipulation as part of this Final Order. While the proposed increase that KU/ODP implemented on an interim basis effective November 1, 2009, had the effect of raising the monthly bill of the typical residential customer using 1000 kilowatt-hours of electricity to $91.64, with this Final Order, the rates approved herein would result in a monthly bill of $83.98 for the typical residential customer using 1000 kilowatt-hours of electricity. A refund will be ordered for customers whose monthly bills were higher under the interim rates than under those rates approved by the Commission herein.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the February 22, 2010, Chief Hearing Examiner's Report are hereby adopted.

(2) The Stipulation presented by KU/ODP and Staff is hereby adopted and made a part of this Order.

(3) KU/ODP shall forthwith file revised tariffs and terms and conditions of service with the Commission's Division of Energy Regulation, in accordance with the findings made herein, for service rendered on and after April 1, 2010.

(4) KU/ODP shall recalculate, using the rates and charges approved herein, each bill it rendered that used, in whole or in part, the rates and charges that took effect on an interim basis and subject to refund on and after November 1, 2009, and, where application of the new rates results in a reduced bill, refund the difference with interest as set out below within ninety (90) days of the issuance of this Final Order.

(5) Interest upon the ordered refunds shall be computed from the date payments of monthly bills were due to the date each refund is made at the average prime rate for each calendar quarter, compounded quarterly. The average prime rate for each calendar quarter shall be the arithmetic mean, to the nearest one-hundredth of one percent, of the prime rate values published in the Federal Reserve Bulletin or in the Federal Reserve's Selected Interest Rates (Statistical Release H. 15) for the three months of the preceding calendar quarter.

(6) The refunds ordered herein may be credited to the current customers' accounts (each refund category shall be shown separately on each customer's bill). Refunds to former customers shall be made by check mailed to the last known address of such customers when the refund amount is $1 or more. KU/ODP may offset the credit or refund to the extent of any undisputed outstanding balance for the current or former customer. No offset shall be permitted against any disputed portion of an outstanding balance. KU/ODP may retain refunds to former customers when such refund is less than $1.

KU/ODP shall maintain a record of former customers for which the refund is less than $1, and such refunds shall be promptly made upon request. All unclaimed refunds shall be subject to § 55-210.6:2 of the Code.

(7) On or before October 1, 2010, KU/ODP shall deliver to the Commission's Divisions of Public Utility Accounting and Energy Regulation a report showing that all refunds have been made pursuant to this Final Order, detailing the costs of the refunds and the accounts charged.

(8) KU/ODP shall bear all costs incurred in effecting the refund ordered herein.

(9) There being nothing further to come before the Commission, this matter is dismissed from the Commission's active docket and the papers filed herein placed in the Commission's file for ended causes.

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

CASE NO. PUE-2009-00030
JULY 15, 2010

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

FINAL ORDER

On July 15, 2009, pursuant to § 56-585.1 A of the Code of Virginia ("Code") and the State Corporation Commission's ("Commission") Rules Governing Utility Rate Applications and Annual Informational Filings (20 VAC 5-201-10 *et seq.*) ("Rate Case Rules"), Appalachian Power Company ("APCo" or "Company") filed an application with the Commission requesting a statutory review of the Company's rates, terms and conditions for the provision of generation, distribution and transmission services ("Application").[1] On July 23, 2009, the Company supplemented and completed its Application by filing a revised Schedule 36 and submitting all of the information required by Schedules 18 and 28 of the Rate Case Rules.[2]

On July 23, 2009, APCo filed a Motion for Leave to File Supplemental Direct Testimony and Schedules in order to calculate the Company's revenue requirement in this proceeding based on its actual end-of-test year capital structure and cost of capital as of December 31, 2008, instead of the November 30, 2010 projected capital structure proposed in the Company's Application.[3] On July 27, 2009, the Commission entered an Order Granting Motion, which directed the Company to file its supplemental testimony and schedules on or before August 14, 2009. In accordance with the Commission's July 27, 2009 Order, APCo filed its supplemental testimony and schedules on August 14, 2009.

The Application, as amended, requests an increase in base rates of approximately $154 million.[4] The Application, as further supplemented, asserts that a rate increase of approximately $167 million is warranted based on the Company's operations for the test year ended December 31, 2008, as adjusted.[5] The Company requests a return on rate base of 9.027% and a return on common equity of 13.35%.[6] APCo states that the proposed 13.35% return on common equity is based on a traditional cost of equity calculation of 12.50% plus a proposed 0.85% performance incentive for the Company's generating plant performance, customer service, and operating efficiency as authorized by § 56-585.1 A of the Code.[7] The Company represents that the proposed rate increase would raise the monthly bill of a typical residential customer using 1,000 kilowatt-hours of electricity from $91.49 per month to $107.14 per month, an increase of $15.65, or 17.1%.[8]

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[1] On February 24, 2009, pursuant to § 56-585.1 of the Code, the Commission issued an Order Scheduling Rate Proceedings in Case No. PUE-2009-00002 that, among other things, directed APCo to file the instant rate case on July 1, 2009. *Commonwealth of Virginia, At the relation of the State Corporation Commission, Ex Parte: Establishing rate case filing schedule for Virginia's investor-owned electric utilities pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2009-00002, Order Scheduling Rate Proceedings (Feb. 24, 2009). The Commission subsequently issued an Order on June 22, 2009 in Case No. PUE-2009-00030, which extended APCo's filing date to no later than July 15, 2009.

[2] *See* July 22, 2009 Memorandum of Incompleteness (finding that the Company's Application was incomplete as filed and requesting supplementation of Schedules 18, 28, and 36); July 24, 2009 Memorandum of Completeness (finding that APCo completed its Application on July 23, 2009).

[3] The Company's Motion For Leave to File Supplemental Direct Testimony and Schedules was filed in response to the Commission's Order on Commission Staff's Motion *in Limine* entered in Case No. PUE-2009-00019, which held that § 56-585.1 A 10 of the Code requires that an actual end-of-test period capital structure and cost of capital be used in statutory reviews under § 56-585.1 A of the Code. *Application of Virginia Electric and Power Company, For a 2009 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-2009-00019, Order on Commission Staff's Motion *In Limine* (July 14, 2009).

[4] Ex. 14 (Waldo supplemental direct) at 2.

[5] Ex. 27 (Allen additional direct) at 7.

[6] Ex. 26 (Allen supplemental direct) at 2-3; Application at 3.

[7] Application at 3.

[8] Ex. 7 (Supplemental Schedules Volume II) at Supplemental Schedule 43, page 1.

APCo asserts that an increase in base rates is necessary because its current earnings are inadequate to allow the Company to fully recover its costs and earn a fair rate of return on common equity.[9] The Company states that several factors have contributed to its need for rate relief, including: the loss of a large industrial customer in West Virginia in 2009, which causes additional costs to be allocated to the Company's Virginia jurisdictional operations; increases in APCo's capacity equalization charges from affiliated companies; and the rising costs incurred to comply with state and federal environmental requirements.[10]

The Company also proposes several changes to its existing tariffs in order to recover its proposed base rate increase. APCo states that the discrete charges embedded in its rate schedules have been revised to recover the Company's proposed rate increase and to move each customer class closer towards cost of service. In addition, the Company proposes to implement a new rate schedule and rider for its medium and large commercial and industrial customers. The new rate schedule, which the Company designates as Schedule GS (General Service), would combine the Company's current Schedules MGS (Medium General Service) and LGS (Large General Service) into a single rate schedule. The Company states that it developed Schedule GS in order to provide an additional option for the Commission to consider when deciding how best to address customer migration between the Company's medium and large general service rate schedules.[11] The Company proposes to place Schedule GS into effect on the date of the Commission's final order in this proceeding.

In addition, APCo proposes to implement a new Economic Development Rider designed to encourage economic development in the Company's service territory. The Company asserts that the Economic Development Rider would offer demand charge reductions to qualifying new and existing large commercial and industrial customers who increase their load by one megawatt or more by investing in new plant and other facilities that help sustain the economy and create jobs.[12]

The Company also proposes certain changes to its terms and conditions of service and its credit and collections program. The proposed changes include, among other things: (i) suspending the Company's current credit and collections program that allows it to require additional deposit amounts if a residential customer exhibits an extended pattern of delinquency or if the deposit on hand is inadequate given the size of a customer's monthly bill; (ii) changing deposits to an amount that is equal to two times the average monthly usage of a customer rather than an amount equal to the customer's estimated bill for the two highest consecutive months of usage; (iii) allowing payments for deposits to be extended up to six months in cases of hardship; and (iv) allowing customers who participate in the Company's budget billing program to spread their settlement payments over the next twelve months of the budget year rather than paying the settlement over three months.[13]

APCo sought to place its proposed rates, terms and conditions of service, with the exception of Schedule GS, into effect on an interim basis beginning December 12, 2009, at which time the Company's proposed transmission rider would also take effect. In this regard, APCo noted that it filed a companion application on July 15, 2009, proposing that certain transmission-related costs charged by PJM Interconnection LLC ("PJM"), be removed from the Company's base rates and recovered through a separate rate adjustment clause, as authorized by § 56-585.1 A 4 of the Code.[14] In order to avoid any duplication of transmission revenues or omission of transmission costs in the Company's rates, the Company proposed that both its requested base rate increase and its approved transmission rider be placed into effect simultaneously on December 12, 2009.

On August 26, 2009, the Commission issued an Order for Notice and Hearing that, among other things: (1) established a procedural schedule for this case; (2) directed APCo to provide public notice of this matter; and (3) as directed by statute, permitted (but did not require) APCo to place its proposed rates into effect on an interim basis, subject to refund, for service rendered on and after December 12, 2009.

The following parties filed notices of intent to participate in this proceeding: VML/VACO APCo Steering Committee ("VML/VACO"); Wal-Mart Stores East, LP & Sam's East, Inc. ("Wal-Mart"); Steel Dynamics, Inc. ("Steel Dynamics"); The Kroger Company ("Kroger"); Old Dominion Committee for Fair Utility Rates ("Committee"); Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"); and Utility Management Services, Inc.

The Company placed its proposed rates into effect on an interim basis, subject to refund, for service rendered on and after December 12, 2009. On February 24, 2010, APCo filed a letter and tariffs with the Commission explaining that for bills rendered on and after that date it was: (1) suspending further collection of its interim rates; and (2) collecting revenue at the level of base rates prior to December 12, 2009 (with the exception of transmission expenses approved as part of the Company's transmission rate adjustment clause in Case No. PUE-2009-00031). The Company explained that it was taking this action pursuant to emergency legislation enacted during the 2010 Session of the Virginia General Assembly.[15] This same legislation further directs the Commission to issue a final order in the instant case "not later than July 15, 2010, for rates to become effective for bills rendered on and after August 1, 2010."[16]

The Commission held public hearings and received testimony from public witnesses in Abingdon (November 18, 2009), Rocky Mount (November 19, 2009), and Richmond (March 16, 2010). The Commission convened the public evidentiary hearing on March 30 and 31, 2010 and April 1

[9] Application at 2-3.

[10] Ex. 13 (Waldo direct) at 7-9.

[11] Application at 4; Ex. 78 (Bethel direct) at 12-18.

[12] Ex. 13 (Waldo direct) at 17.

[13] *Id.* at 11-12.

[14] Application at 4. The Commission approved the Company's transmission rate adjustment clause, in Case No. PUE-2009-00031 on October 6, 2009.

[15] 2010 Va. Acts of Assembly Chaps. 1 and 2, and Second Enactment Clause.

[16] *Id.*

and 2, 2010. In addition, the Commission admitted more than 140 exhibits into the record and received more than 37,000 written and electronic comments in this case.

On or before May 18, 2010, the following participants filed post-hearing briefs: APCo; VML/VACO; Wal-Mart; Steel Dynamics; Kroger; 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.

Cost of Capital

Capital Structure

Section 56-585.1 A 10 of the Code requires the Commission to "utiliz[e] the actual end-of-test period capital structure" in this proceeding. We reject APCo's suggestion that using this statutorily-required capital structure may prevent the Company from having an opportunity to earn a reasonable return on its capital investment.[17] As explained by Staff: (1) APCo's "argument that *some* components of a weighted average cost of capital calculation have increased [after the test year] fails to take into account any decreases in *other* components of that calculation;" (2) "[f]or example, the current cost of short-term debt is lower – indeed, significantly lower – than the 3.906% end-of-test year cost rate, which is also required by law;" (3) "[m]oreover, the costs and relative ratios that determine a weighted average cost of capital are influenced by all issuances, including any future issuances that have not yet occurred;" and (4) "[g]iven these facts, the evidence simply does not show that compliance with the law will not allow [APCo] the opportunity to recover its cost of capital."[18] We find that Staff's proposed use of an actual per books capital structure complies with § 56-585.1 A 10 of the Code, is "consistent with Commission precedent," and is reasonable for purposes of this proceeding.[19]

Cost of Debt

Section 56-585.1 A 10 of the Code also requires the Commission to "utiliz[e] the actual end-of-test period . . . cost of capital" in this proceeding, which includes (i) long-term debt, and (ii) short-term debt. Accordingly, we approve the actual end-of-test period cost of (i) long-term debt (6.065%), and (ii) short-term debt (3.906%).[20]

Cost of Equity

Section 56-585.1 A of the Code 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." We find that a market cost of equity within a range of 9.5% to 10.5% results in a fair and reasonable return on common equity. This return is reasonably supported by the testimony and resulting recommendations of Staff witness Maddox and Committee witness Gorman.[21] Moreover, we find that the methodologies employed by these witnesses are consistent with the public interest and satisfy the standards as stated by Mr. Maddox: "maintenance of financial integrity, the ability to attract capital on reasonable terms, and earnings commensurate with returns on investments of comparable risk."[22]

In addition, we find that the Company's proposed cost of equity of 12.5% does not represent the actual cost of equity in the marketplace and a reasonable return on common equity. In addition to other valid criticisms, Company witness Avera's "cost of equity testimony was never updated with any data beyond March 2009, which was the bottom of a severe drop in the market[, and in] the thirteen months that passed between March 2009 and the conclusion of the evidentiary hearing, the market increased approximately 50%."[23] Indeed, this deficiency in Company witness Avera's recommendation is

[17] *See, e.g.,* Company's May 18, 2010 Post-hearing Brief at 11-13 (citing Tr. 502 (Avera); Tr. 542 (Gorman); Tr. 596 (Maddox); Tr. 783 (Avera); Ex. 60 (Maddox supplemental direct); Ex. 132 (Waldo rebuttal) at 4-5).

[18] Staff's May 18, 2010 Post-hearing Brief at 55 (emphasis in original) (citing Ex. 96 (Bloomberg Key Rates)).

[19] *Id.* at 54 (citing *Application of Appalachian Power Company, For an increase in electric rates*, Case No. PUE-2006-00065, 2007 S.C.C. Ann. Rept. 321, 326, Final Order (May 15, 2007)). *See also* Ex. 59 (Maddox direct) at 3-7. The test period for this case ended on December 31, 2008. *See, e.g.,* Application at 2. The Company's actual end-of-test period capital structure is as follows:

Short-term debt	3.140%
Long-term debt	54.892%
Preferred stock	0.307%
Common equity	41.525%
Investment tax credits	0.136%
Total Capitalization	*100%*

See Ex. 59 (Maddox direct) at Schedule 1.

[20] *See, e.g.,* Ex. 59 (Maddox direct) at 7; Ex. 2 (Application Volume IV) at Schedule 3, page 3 of 7 and Schedule 4, page 1 of 5; Staff's May 18, 2010 Post-hearing Brief at 53.

[21] *See, e.g.,* Ex. 59 (Maddox direct); Ex. 58 (Gorman direct); Staff's May 18, 2010 Post-hearing Brief at 38-49; Committee's May 18, 2010 Post-hearing Brief at 3-18.

[22] Ex. 59 (Maddox direct) at 9.

[23] Staff's May 18, 2010 Post-hearing Brief at 40 (citing Avera testimony; Ex. 51 (Yahoo! Finance S&P 500 Index Chart); Ex. 52 (Yahoo! Finance Dow Jones Industrial Average chart); *Bluefield Water Works & Improvement Co. v. Public Serv. Comm'n*, 262 U.S. 679, 693 (1922) (quotation omitted)).

underscored by more recent testimony that he provided on behalf of other American Electric Power Company ("AEP") operating companies before the Kentucky and Michigan Public Service Commissions – where his use of updated information results in significantly *lower* cost of equity estimates.[24]

Finally, we find that "Staff witness Maddox's proxy group is reasonably constituted both in size and composition" and "has risk comparable to [APCo]."[25] Moreover, Staff notes that: (i) Company witness Avera previously presented a proxy group on behalf of AEP in a recent Federal Energy Regulatory Commission ("FERC") proceeding, wherein he included "three of the same companies that Dr. Avera now criticizes Mr. Maddox for including in his proxy group;" and (ii) although Dr. Avera criticizes Mr. Maddox for including utilities with a Value Line safety rating above AEP's, "Dr. Avera included in testimonies filed on behalf of other AEP operating subsidiaries only a few months before Mr. Maddox's testimony four of the same companies with Value Line safety ratings higher than those of AEP."[26]

Statutory Peer Group Floor

Section 56-585.1 A of the Code states as follows:

> [T]he Commission shall determine fair rates of return on common equity applicable to the generation and distribution services of the utility . . . but such return shall not be set lower than the average of the returns on common equity reported to the Securities and Exchange Commission for the three most recent annual periods for which such data are available by not less than a majority, selected by the Commission as specified in subdivision 2 b, of other investor-owned electric utilities in the peer group of the utility, nor shall the Commission set such return more than 300 basis points higher than such average. The peer group of the utility shall be determined in the manner prescribed in subdivision 2 b.

Next, in selecting the majority of the peer group utilities to calculate the statutory floor for rate of return on common equity, § 56-585.1 A 2 b of the Code 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.

No party contested the composition of the peer group – which in this case is comprised of seven utilities after removing the companies with the two highest, and the two lowest, reported returns as required by the above statute.[27] The participants, however, differ on which utilities should comprise the "majority" to be selected by the Commission to determine the statutory floor.

In this regard, the statute clearly leaves this selection to the Commission's discretion. A statutory floor comprised of *any* four of the seven-member peer group satisfies the statute. Indeed, APCo acknowledged during the hearing that the statute gives the Commission this discretion.[28] We select a majority consisting of four peer group utilities that, on average, had a return on average equity of 10.53%.[29] Thus, we approve a fair rate of return on common equity for APCo of 10.53%, which results in an overall rate of return on rate base of approximately 7.85%. We find that the cost of equity and overall rate of return approved herein are fair and reasonable, permit the attraction of capital on reasonable terms, fairly compensate investors for the risks assumed, and enable the Company to maintain its financial integrity. This finding reduces the Company's requested rate increase by approximately $28.0 million.[30]

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[24] *See, e.g., id.* at 42-49. *Compare* Ex. 49 (Avera direct) *with* Ex. 93 (Avera Michigan DCF Model), Ex. 94 (Avera Kentucky DCF Model), and Ex. 95 (Avera Michigan and Kentucky CAPM Model). Staff also notes that many of "Dr. Avera's updated estimates . . . are *several hundred basis points lower* than his estimates in this case," and that "Dr. Avera's more recent testimony [in other jurisdictions] uses a 7.7% forward-looking market risk premium, which is *200 basis points lower* than what he continues to support in Virginia." Staff's May 18, 2010 Post-hearing Brief at 43, 47 (emphasis in original).

[25] Staff's May 18, 2010 Post-hearing Brief at 38 (typeface and case modified). For example: (1) Staff's proxy group was reasonably "screened based on a number of criteria, including net plant, primary source of income, credit rating, financial strength, and safety rating to ensure the group has risk comparable to [APCo];" and (2) "Staff's peer group has a beta of .69, which is closer to AEP's beta of .70 than [APCo] witness Avera's proxy group with a beta of .73." *Id.* at 38-39 (footnotes omitted).

[26] *Id.* at 39 (footnotes omitted).

[27] *See, e.g., id.* at 49 n.172.

[28] *See* Tr. 1183-1185 (Waldo).

[29] *See, e.g.,* Ex. 60 (Maddox supplemental direct) at Schedule 15 – Updated. We find that, on the facts before us in this case, it is reasonable to utilize returns on average equity for this purpose.

[30] In addition, any comparison by APCo to cost of equity, rate of return floor, rate of return adder, or any other issue in the Commission's prior rate case for Dominion Virginia Power ("Dominion") (Case No. PUE-2009-00019) is inapposite to the instant proceeding. *See*, *e.g.*, Ex. 132 (Waldo rebuttal) at 5-6. The facts and circumstances of the two cases are simply not comparable. For example, the settlement approved by the Commission in the Dominion rate case encompassed a number of items not present in the instant proceeding, including: (1) refunds or credits of fuel, base rate, and rate adjustment clause recoveries that totaled approximately $726 million; and (2) the Dominion stipulation also provided for no change in base rates until December 2013, at the earliest. *See, e.g.,* Staff's May 18, 2010 Post-hearing Brief at 37-38 (citing Tr. 1191-92 (Waldo); *Application of Virginia Electric and Power Company, For a 2009 statutory review of rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2009-00019 *et al.*, Order Approving Stipulation and Addendum (Mar. 11, 2010)).

Rate of Return Adder

Section 56-585.1 A of the Code states as follows:

> The Commission may increase or decrease such combined rate of return by up to 100 basis points based on the generating plant performance, customer service, and operating efficiency of a utility, as compared to nationally recognized standards determined by the Commission to be appropriate for such purposes.

We reject APCo's request to increase its fair rate of return on equity by 0.85%. This statute does not require the Commission to approve *any* increase to APCo's fair rate of return as determined above. Based on the record in this case, we find that the Company's generating plant performance, customer service, and operating efficiency do not warrant any adder above APCo's fair rate of return at this time.[31] This finding reduces the Company's requested rate increase by approximately $13.0 million.[32]

Capacity Equalization Expense

The Company "is a member of the AEP-East Power Pool which is governed by an interconnection agreement [('Interconnection Agreement')]."[33] Staff and Consumer Counsel present extensive evidence and argument regarding the capacity equalization charges that APCo is required by the Interconnection Agreement to pay to certain other AEP operating affiliates. Under the Interconnection Agreement, "[a] generating capacity obligation is calculated for each AEP-East company, and those companies that do not own enough capacity to satisfy their calculated obligation must make payments to those with surplus capacity."[34] Further, "[s]ince 2007, [APCo] has been the most deficient company in the AEP-East pool by a substantial margin."[35] Staff also contends that "AEP has maintained [APCo] as a capacity-deficient company notwithstanding the fact that AEP's capacity equalization charges to [APCo] have tripled – from $138 million to $394 million – since 2006,"[36] and that "AEP has also maintained [APCo] as a capacity-deficient company as it has taken aggressive steps to move another AEP-East operating company from a deficiency comparable to that of [APCo] to a surplus position."[37]

In fact, Consumer Counsel argues that "APCo's capacity deficit position is the most troubling driver of the requested rate increase" – although the Interconnection Agreement "calls for each AEP-East company to have sufficient capacity resources to serve its native load . . . APCo's deficit has increased as new generation capacity has been repeatedly assigned by AEP to other members of the pool."[38] Some of the limited capacity additions proposed for APCo have reflected some of AEP's highest cost generation, while lower cost generation has been assigned to an affiliated company, Columbus Southern Power Company ("Columbus Southern"). For example, Consumer Counsel asserts that AEP assigned new capacity to Columbus Southern when AEP could foresee that such action would increase Columbus Southern's earned return on investment and leave APCo to pay increasing capacity charges, which would put pressure on APCo's earned returns and upward pressure on rates.[39] While APCo now states that it has earned low returns over the past several years, this should be viewed in connection with the fact that Columbus Southern – another AEP-owned subsidiary – "is earning returns of up to 22%" according to evidence presented in this case.[40]

Indeed, it can be reasonably argued, as Consumer Counsel has done, that over the past several years AEP has repeatedly taken actions in assigning capacity that have harmed APCo and its customers while benefitting other AEP subsidiaries.[41] As noted above, the Company's capacity deficit position "has increased as new generation capacity has been repeatedly assigned by AEP to other members of the pool," and this "new capacity for other AEP-East companies consists of relatively low cost gas-fired generating units which were acquired by AEP . . . at costs below a new build."[42] Based on a variety of factors, including this capacity deficit, "APCo is paying nearly $258 million . . . more annually to its sister companies for capacity equalization than it did in 2006."[43]

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[31] *See, e.g.,* Staff's May 18, 2010 Post-hearing Brief at 56-72; Consumer Counsel's May 18, 2010 Post-hearing Brief at 30-34; Committee's Post-hearing Brief at 18-23; VML/VACO's May 18, 2010 Post-hearing Brief at 12.

[32] *See* Company's May 18, 2010 Post-hearing Brief, Attach. 2.

[33] Consumer Counsel's May 18, 2010 Post-hearing Brief at 2.

[34] Staff's May 18, 2010 Post-hearing Brief at 21.

[35] *Id.* (citing Ex. 100 (Carr direct) at 37).

[36] *Id.* (citing Ex. 33 (Company response to request OAG 6-126)).

[37] *Id.* (citing Ex. 34 (Company response to request OAG 9-181); Ex. 124 (Company response to request OAG 7-142); Ex. 140 (Company response to request OAG 9-175); Ex. 137-C; Ex. 138-C; Ex. 139-C).

[38] Consumer Counsel's May 18, 2010 Post-hearing Brief at 4 (citing Ex. 100 (Carr direct), App. B, at 1, 3; Ex. 109 (Nelson chart)).

[39] *See, e.g., id.* at 4-16.

[40] *See, e.g., id.* at 5-16 (citations omitted).

[41] *See, e.g., id.* at 3-19 (citations omitted).

[42] *Id.* at 4-5.

[43] *Id.* at 3. While this discussion focuses on APCo's capacity equalization payments, we recognize that the Company's generation costs are not limited to such payments; that is, if APCo possessed more of its own generation, it obviously would be incurring the costs associated therewith. We further note, however, that when AEP did propose new capacity for APCo, its major project – a new coal-fired facility known as an Integrated Gasification Combined Cycle plant – (i) was originally projected to cost far more than other coal-fired options, and (ii) was further burdened with such significant and unquantifiable cost and technological uncertainties that the Commission found it must be rejected. *See, e.g., Application of Appalachian Power Company,*

APCo acknowledges that it did not necessarily act in its own best interests regarding the assignment of capacity within the AEP-East Pool. That is, in this instance, APCo indicated that it supported what was deemed best for the AEP system – not what was necessarily best for APCo:

> [T]his is a zero sum construct, so I'm viewing that in terms of the total AEP system. I weigh in with the considerations of the specific impact on APCo, but my vote is a reflection of what I believe is best for the AEP System.[44]

Indeed, as summed up by Consumer Counsel, "[i]f the pooling arrangement is a zero sum construct as APCo insists, then it becomes even clearer that by assigning so much capacity to [Columbus Southern], AEP has intentionally benefitted other pool parties at APCo's expense."[45] The Commission, however, is limited in its jurisdiction regarding APCo's capacity equalization expense under the Interconnection Agreement, which is a wholesale power pooling agreement that has been approved by FERC, and cannot "reallocate" capacity responsibility among the AEP operating companies as dictated by the terms of the Interconnection Agreement.

A number of key factors affect APCo's overall capacity costs, and Staff and Consumer Counsel are correct that decisions by APCo and AEP regarding capacity additions, and which affiliated operating companies undertake those additions, can and do have significant impacts on APCo. We are concerned that the decision making over recent years regarding capacity changes has had a significant adverse effect on APCo and its ratepayers. Accordingly, we direct APCo and AEP to submit a written report to Staff (beyond what has been presented in this record), on or before January 4, 2011, on the reasons for their past actions regarding capacity, as well as the steps that can be taken to ameliorate the negative effects of high capacity charges on APCo and its customers.

In determining a reasonable level of capacity equalization expense to be included in APCo's going-forward rates for purposes of this proceeding, the participants have litigated two issues that must be considered for rate setting purposes in this case: (1) Member Load Ratio ("MLR"); and (2) Capacity Equalization Rate. We address both of these issues below. In sum, based on our findings below, we approve a Virginia jurisdictional capacity equalization expense of approximately $154.6 million.

Member Load Ratio

APCo's MLR is used to determine its generating capacity obligation to the AEP-East Power Pool.[46] The Company proposes to utilize a forecasted average MLR for the rate year of approximately 33.165%.[47] Staff asserts that the MLR "is not reasonably predictable," and that "rates should instead be based on the five-year average [MLR] of 31.98%."[48] Consumer Counsel similarly proposes a five-year average MLR.[49] Both Staff and Consumer Counsel note that the Commission has previously used a five-year average MLR to calculate a reasonable rate year level of capacity equalization expense for APCo.[50]

We continue to find that it is reasonable to establish APCo's MLR based on a five-year average. While we do not preclude consideration of other approaches in the future, as we previously found in a prior APCo rate case, "[u]se of a five-year average MLR at this time should moderate the volatility of the MLR in general and avoids setting rates solely on the basis of an extremely high or low MLR."[51] Such use of a five-year average reasonably addresses the unpredictable nature of the MLRs throughout the AEP-East system.[52] Over the past ten years, APCo has seen MLRs ranging from approximately 28% to

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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).

[44] Tr. 326 (Waldo).

[45] Consumer Counsel's May 18, 2010 Post-hearing Brief at 16. *See also* Tr. 626 (Norwood).

[46] The Company's "MLR is the relationship between its peak demand and the total non-coincident peak demand of the AEP-East system, all measured over the preceding twelve months," and "[e]ach member's capacity obligation is determined on a monthly basis by multiplying the total AEP-East capacity by its MLR." Staff's May 18, 2010 Post-hearing Brief at 23 (citations omitted). In addition, "Pool members that do not own enough generating capacity to satisfy their obligations purchase capacity from the surplus members of the Pool," and the "amount of payments/receipts (capacity settlements) is based on the relative deficits/surpluses and the generation costs of the surplus members." Company's May 18, 2010 Post-hearing Brief at 29 (citing Ex. 100 (Carr direct) at 31).

[47] *See, e.g.,* Company's May 18, 2010 Post-hearing Brief at 33 (citations omitted); Staff's May 18, 2010 Post-hearing Brief at 24; Consumer Counsel's May 18, 2010 Post-hearing Brief at 20 n.80.

[48] Staff's May 18, 2010 Post-hearing Brief at 24.

[49] Consumer Counsel's May 18, 2010 Post-hearing Brief at 20 (citing Ex. 64 (Norwood direct) at 19).

[50] Staff's May 18, 2010 Post-hearing Brief at 23 (citing *Application of Appalachian Power Company, For an expedited increase in base rates*, Case No. PUE-1994-00063, 1996 S.C.C. Ann. Rept. 255, 256, Final Order (May 24, 1996)); Consumer Counsel's May 18, 2010 Post-hearing Brief at 20.

[51] *Application of Appalachian Power Company*, *For an expedited increase in base rates*, Case No. PUE-1994-00063, 1996 S.C.C. Ann. Rept. 255, 256, Final Order (May 24, 1996).

[52] We also note that Indiana Michigan Power Company ("I&M") – an affiliate of APCo that also operates under the Interconnection Agreement – recently agreed to use a five-year average MLR as approved by the Indiana Utilities Regulatory Commission. *See, e.g.,* Staff's May 18, 2010 Post-hearing Brief at 24 n.76 (citing *Petition of Indiana Michigan Power Company, an Indiana Corporation, For Authority to Increase its Rates and Charges*, Cause No. 43306, 2009 Ind. PUC LEXIS 107 at *172-73, 273 P.U.R.4th 310, Opinion (Mar. 4, 2009)).

over 35%.[53] Staff also notes that "[d]uring the last ten years, the Company's MLR has experienced several rapid increases and decreases alike."[54] Moreover, it is understandable that MLRs could be significantly volatile. For example, APCo's specific MLR is influenced not only by its load, but by load variations of the other AEP-East companies. That is, APCo's MLR is impacted by diverse factors stretching across the *entire* AEP-East footprint, including economic cycles, weather patterns, usage patterns, and customer migration.[55]

Staff's proposed five-year average MLR utilizes actual data through October 2009.[56] Subsequent to the filing of Staff's testimony, however, the record in this case was expanded by the Company to include actual MLR data through February 2010, which results in a higher five-year average MLR and a larger revenue requirement as compared to using October 2009 data. We find that it is reasonable, based on the record in this case, to use the most recent five-year average in the record – *i.e.*, through February 2010 – to establish the Company's MLR. This finding results in an MLR for APCo of 32.44% and reduces the Company's requested rate increase by approximately $15.0 million.[57]

Capacity Equalization Rate

The Capacity Equalization Rate "is the *price* charged" for APCo's capacity deficiency, and it consists of: (1) "the Capacity Investment Rate ('Investment Rate'), which is based on the gross installed cost of the surplus members' generating units and a FERC-approved annual carrying charge of 16.49%;" and (2) "the Fixed Operating Rate ('Operating Rate'), which is based on the operating costs and one-half of the maintenance costs of the surplus members' units."[58]

First, we find that Staff's proposed Investment Rate is reasonable for this purpose: (1) "[p]ursuant to the terms of the Interconnection Agreement, the Investment Rate to be used for an entire calendar year is fixed at the affiliates' plant investments as of December 31 of the previous year;" (2) "[t]hus, the Investment Rate for 2010 will be based on those investments as of December 31, 2009;" and (3) "Staff calculated its Investment Rate based on investment data as of that date, which was provided by the Company."[59] Second, we do not find the Company's proposed Operating Rate, which is based on forecasts, to be reliable for setting rates herein. Rather, we find that Staff's proposed actual October 2009 Operating Rate, which is the most recent actual Staff-audited Operating Rate and uses actual October 2009 data, is reasonable and shall be used to calculate the Capacity Equalization Rate for purposes of this proceeding.[60] These findings result in a Capacity Equalization Rate of $12.73 per kW and reduce the Company's requested rate increase by approximately $12.8 million.[61]

Cook Accidental Outage Insurance Proceeds

As explained by the Company, "[b]oth units of the Cook Nuclear Plant ("Cook") are owned by I&M, another AEP-East Zone operating company," and "Cook Unit 1 experienced an accident on September 20, 2008 and remained out of service until December 18, 2009."[62] Although Cook Unit 1 has resumed production, it "is not expected to return to full power until the fall of 2011."[63] I&M "maintains accidental outage insurance on the Cook facility . . . in addition to property insurance [and has] received $184.4 million in accidental outage policy proceeds through December 2009 and an additional $72.1 million of property insurance proceeds through September 2009."[64] Conversely, AEP has "continued to charge [APCo] 'full price' for Cook's installed capacity cost and certain operating and maintenance expense through the AEP-East pool capacity equalization mechanism."[65]

Staff asserts that the Commission should reduce APCo's "proposed revenue requirement [in this proceeding] by $14.7 million, which is half of [APCo's] Virginia jurisdictional MLR share of the [Cook insurance] proceeds."[66] We conclude that it is not appropriate at this time to deem insurance proceeds received by I&M to be allocable for rate setting purposes in Virginia, which does not preclude consideration of such matters in future proceedings.

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[53] *See, e.g.,* Ex. 64 (Norwood direct) at Ex. SN-3; Ex. 100 (Carr direct) at 41, Graph.

[54] Staff's May 18, 2010 Post-hearing Brief at 23-24.

[55] *See, e.g.,* Ex. 100 (Carr direct) at 31-41. We find that, based on the record in this case, the Company's proposed MLR is not reasonably predictable.

[56] Staff's proposed five-year average also adjusts for the loss of Century Aluminum, a former 300 megawatt customer in APCo's West Virginia jurisdiction. APCo did not oppose specific recognition of Century Aluminum in this case. Moreover, both APCo and Staff supported accounting adjustments to recognize the loss of Century Aluminum in the instant case. *See, e.g.,* Staff's May 18, 2010 Post-hearing Brief at 81.

[57] This MLR is determined by (1) using actual MLRs as shown by Consumer Counsel witness Norwood, which were updated through February 2010 by Company witness Nelson (resulting in a five-year average of 33.04%), and (2) adjusting for the loss of Century Aluminum (reducing the five-year average MLR by 0.6%). *See, e.g.,* Ex. 64 (Norwood direct) at Ex. SN-3; Ex. 108 (Nelson rebuttal) at 16; Ex. 100 (Carr direct) at Appendix B, pages 5-6.

[58] Staff's May 18, 2010 Post-hearing Brief at 22, 25 (emphasis in original) (citing Ex. 100 (Carr direct) at 32-33).

[59] *Id.* at 25-26 (citing Ex. 100 (Carr direct) at 40).

[60] *See, e.g., id.* at 25.

[61] Ex. 100 (Carr direct) at 42.

[62] Company's May 18, 2010 Post-hearing Brief at 48 (citing Ex. 100 (Carr direct) at 22-23, 28).

[63] Staff's May 18, 2010 Post-hearing Brief at 32 (citing Ex. 100 (Carr direct) at 22-23).

[64] *Id.* at 31-32 (citing Ex. 100 (Carr direct) at 25-26).

[65] *Id.* at 32 (citing Ex. 100 (Carr direct) at 23-24).

[66] *See id.* at 31-33 (citing Ex. 100 (Carr direct) at 24-25, 27).

Mountaineer Carbon Capture and Sequestration Demonstration Project

As described by Consumer Counsel, the Company is undertaking the Mountaineer Carbon Capture and Sequestration Demonstration Project at its "Mountaineer coal-fired plant in West Virginia in an effort to test and prove whether carbon capture and sequestration [('CCS')] is a viable commercial technology for coal-fired electric generation plants in the event carbon emissions are regulated," and this "is the first CCS project being undertaken at an in-service coal plant."[67] Specifically, this is a "validation project" intended to test CCS technology at a level that is not commercial in scale.[68] The Company asserts that "[c]ustomers of utilities in the U.S. and abroad will benefit from the work we are doing at our Mountaineer plant," but that the "first use of any technology comes at a higher cost than subsequent uses."[69] The Company concludes that "it is most prudent to gain knowledge now that will allow compliance with [greenhouse gas ('GHG')] controls, whether in the form of state or federal legislation or via regulatory action."[70] APCo seeks to include approximately $74 million in rate base, and requests both a return on rate base and recovery of expenses, for this project.[71]

It is reasonable for AEP to evaluate and explore options regarding potential federal legislation or regulation regarding GHG emissions. We do not find, however, that it was reasonable for APCo to incur the Mountaineer CCS project costs and then seek recovery from Virginia ratepayers. For example: (i) although AEP asserts that this demonstration project will benefit customers of all of AEP's operating companies and of all utilities in the United States, APCo's ratepayers (and not shareholders) are being asked to pay for all of the costs incurred by AEP for this project; and (ii) as stated by Consumer Counsel, "AEP is undertaking no other [CCS] initiatives at any of its other subsidiaries' plants," and "APCo and its customers are being asked to shoulder the entire financial burden and risk associated with AEP's [CCS] research and development."[72] Accordingly, we deny the Company's request for cost recovery of the Mountaineer CCS demonstration project under the facts presented herein.[73] This finding reduces the Company's requested rate increase by approximately $9.8 million.

December 2009 Storm Costs

The Company stated that it "incurred substantial costs from storms in December 2009 that totaled approximately $26.8 million in incremental distribution operations and maintenance costs."[74] We will allow the Company to "defer on its books this incremental distribution storm restoration expense, until such time as a request for recovery is made and subsequently ruled upon by the Commission."[75] This finding does not constitute approval or rejection of all or part of these costs.

PJM Ancillary Fees

We reject APCo's projection of PJM ancillary fees. These fees are based on variables (such as the amount of hours that AEP's generating plants run and market prices) that have proven to be volatile in the past.[76] We do not find that the Company's projection of future PJM ancillary fees "reasonably can be predicted to occur during the rate year."[77] Rather, we find that it is reasonable for the revenue requirement established herein to reflect actual PJM ancillary fees as occurred during the twelve months ended October 31, 2009, and that such level of fees provides the Company with a reasonable opportunity to recover its costs. This finding reduces the rate increase requested in the Company's Application by approximately $7.4 million.

Employee Incentive Plans

AEP has an Annual Incentive Plan ("AIP") and a Long-Term Incentive Plan (collectively, "Incentive Plans"). As explained by Staff: (1) "[a]ward calculations for the Incentive Plans are based in large part on AEP earnings and shareholder return;" (2) "[i]ndeed, AEP earnings performance ultimately determines the AIP payouts in any given year;" (3) "[t]he primary goals of the Incentive Plans are to increase shareholder value;" (4) "[t]he

[67] Consumer Counsel's May 18, 2010 Post-hearing Brief at 24-25 (citing Tr. 465 (LaFleur)).

[68] Ex. 123 (AEP Selected to Receive DOE Funds); Staff's May 18, 2010 Post-hearing Brief at 14.

[69] *Id.*

[70] Company's May 18, 2010 Post-hearing Brief at 65 (citing Ex. 121 (LaFleur rebuttal) at 7).

[71] *See, e.g.,* Consumer Counsel's May 18, 2010 Post-hearing Brief at 25 (citing Tr. 373); Staff's May 18, 2010 Post-hearing Brief at 14.

[72] *See, e.g.,* Consumer Counsel's May 18, 2010 Post-hearing Brief at 24-29; Staff's May 18, 2010 Post-hearing Brief at 13-15. VML/VACO also asserts that the Commission should deny the costs associated herewith. VML/VACO's May 18, 2010 Post-hearing Brief at 9. Furthermore: (1) this project significantly increases operation and maintenance expenses at the Mountaineer plant; (2) this project decreases the efficiency of the Mountaineer facility, which results in increased fuel costs; (3) the CCS technology decreases the Mountaineer plant's operating capacity, which further increases APCo's capacity deficit position within the AEP-East pool and, thus, increases APCo's capacity equalization charges; and (4) the potential benefits to Virginia ratepayers currently are speculative at best. *See, e.g.,* Consumer Counsel's May 18, 2010 Post-hearing Brief at 24-29; Staff's May 18, 2010 Post-hearing Brief at 13-15.

[73] In addition, although there was evidence that this CCS project could also increase APCo's fuel and capacity equalization charges, we do not address in this case whether an approved level of such charges should be reduced to remove the impact of the Mountaineer CCS project. See, e.g., Consumer Counsel's May 18, 2010 Post-hearing Brief at 25; Ex. 100 (Carr direct) at 63-64.

[74] Company's May 18, 2010 Post-hearing Brief at 67.

[75] *Id.*

[76] *See, e.g.,* Staff's May 18, 2010 Post-hearing Brief at 19-21 (citing Ex. 41 (Schedule of Actual v. Projected December 2009 Results); Ex. 112 (Rate Year Forecast Compared to Available Actual to Date Total Company); Ex. 100 (Carr direct) at 47; Ex. 108 (Nelson rebuttal) at 19).

[77] Va. Code § 56-235.2 A.

benefits of incentivizing [earnings per share] and stock price growth accrue primarily to AEP's shareholder[s];" and (5) "because these incentives are driven by *AEP* earnings and stock prices, they may actually provide incentives to take certain actions that are not necessarily in the best interests of [*APCo*] or its ratepayers."[78] The Company seeks to collect 100% of the costs of the Incentive Plans from ratepayers.

The Company has not shown that 100% of the Incentive Plan expenses serve to benefit ratepayers. We will not, however, reject all of these costs; rather, as recommended by Staff, we find that 50% of such expenses are just and reasonable for ratemaking purposes in this case.[79] This finding reduces APCo's requested rate increase by approximately $4.2 million.

Environmental Expenses

We reject APCo's projection of environmental expenses. As explained by Staff:

> [The Company] incurs expense to operate its environmental control equipment. These expenses include the handling and disposal of gypsum and the consumption of urea, limestone, trona, polymer, and lime hydrate. The Company incurs additional expense to consume emission allowances, which are used to offset emissions of regulated pollutants.[80]

We find that the Company's forecasts of these environmental expenses have proven to be unreliable and inaccurate.[81] We do not find that the Company's projections of future environmental expenses "reasonably can be predicted to occur during the rate year."[82] Rather, we adopt Staff's proposed expense level for this purpose, which uses actual data and limited forecasts that we find reasonably can be predicted to occur during the rate year.[83] Staff evaluated and audited individual components of this expense and made reasonable recommendations on each.[84] The difference between the Company's and Staff's proposals "results primarily from the Company's forecasts for urea, limestone, and polymer."[85] We further find that Staff's recommended level of environmental expenses provides the Company with a reasonable opportunity to recover its costs. This finding reduces the rate increase requested in the Company's Application by approximately $5.3 million.

Rate Base

We reject the Company's proposed rate year average adjustments to rate base, which include projected future costs for items such as plant in service, construction work in progress ("CWIP"), accumulated depreciation, and accumulated deferred income taxes. We agree with Staff that APCo's predictions of these significant rate base components are "based on unreliable and inaccurate assumptions."[86] We do not find that the Company's projected "future costs . . . reasonably can be predicted to occur during the rate year."[87] Rather, we find that it is reasonable for the rate base established herein to reflect Staff's proposed rate base, which contains "[r]ecent, actual information, normalized or annualized when necessary and adjusted for reasonably predictable future changes."[88]

We also find, contrary to APCo's assertions, that the rate base approved herein provides the Company with a reasonable opportunity to recover its costs. The approved rate base includes known costs, plus future costs (such as CWIP related to distribution projects) that we conclude reasonably can be predicted to occur during the rate year. In addition, APCo's contention that the approved rate base will not permit recovery of costs associated with capital investment in scrubbers for its Amos coal plant is misplaced.[89] First, the rate base that *APCo* proposed does not include these scrubbers.[90] Second, the

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[78] Staff's May 18, 2010 Post-hearing Brief at 26-27 (emphasis in original) (citations omitted). Indeed, Consumer Counsel asserts that AEP has been incented to take actions that it knew would hurt APCo and would benefit AEP. *See, e.g.*, Consumer Counsel's May 18, 2010 Post-hearing Brief at 10-13 (Confidential) (citations omitted).

[79] *See, e.g.,* Staff's May 18, 2010 Post-hearing Brief at 26-27; Tr. 883 (Carr). In addition, we find that APCo failed to make an appropriate adjustment to remove the portion of American Electric Power Service Corporation ("AEPSC") employees' incentive compensation expense that was attributable to AEP exceeding its earnings per share targets. *See, e.g.,* Ex. 100 (Carr direct) at 55. This additional adjustment is reflected in Staff's Other Operating Expense Adjustments referenced below.

[80] Staff's May 18, 2010 Post-hearing Brief at 16 (citing Ex. 100 (Carr direct) at 43).

[81] *See, e.g., id.* at 16-19 (citing Tr. 1215 (Waldo); Ex. 41 (Schedule of Actual v. Projected December 2009 Results); Ex. 100 (Carr direct) at 43-46; Ex. 108 (Nelson rebuttal) at 20).

[82] Va. Code § 56-235.2 A.

[83] *See, e.g.,* Staff's May 18, 2010 Post-hearing Brief at 16-19 (citing Tr. 1215 (Waldo); Ex. 41 (Schedule of Actual v. Projected December 2009 Results); Ex. 100 (Carr direct) at 43-46; Ex. 108 (Nelson rebuttal) at 20).

[84] *See id.*

[85] *Id.* at 17 (citing Ex. 100 (Carr direct) at 46).

[86] *Id.* at 9.

[87] Va. Code § 56-235.2 A. *See, e.g.,* Staff's May 18, 2010 Post-hearing Brief at 8-13 (citing Ex. 100 (Carr direct) at 74-76).

[88] Staff's May 18, 2010 Post-hearing Brief at 8.

[89] Company's May 18, 2010 Post-hearing Brief at 74-75. In addition, in a footnote on Attachment 2 of its post-hearing brief, the Company "requests recognition of the Amos 2 scrubber and its expenses." *Id.* at Attach. 2 n.3. We recognize that the Company may seek to include Amos 2 scrubbers in subsequent rate cases if appropriate, but such recognition does not modify our rate base findings for purposes of the instant proceeding.

Amos scrubbers provide further example of how the Company's projected future costs of such rate base components are not reasonably predictable. Specifically, "[i]n the space of just ten months, a $530 million construction project had its in-service dates moved from: (a) March 2010 and December 2010 to (b) 2012, and (c) back to the first quarters of 2010 and 2011."[91] Finally, the rate base and associated revenue growth adjustment that we approve herein does not decrease – but, rather, *increases* – the Company's proposed revenue requirement.[92]

The rate base and associated revenue adjustment approved herein increases the Company's rate request by approximately $3.5 million.[93]

Deferred Fuel Balance

Consumer Counsel "recommended an adjustment to the deferred fuel balance to reflect an updated estimated fuel balance," and the Company agreed with the recommended adjustment.[94] We find that Consumer Counsel's proposed adjustment, which uses APCo's "revised forecast of rate year fuel cost deferrals . . . for determining the 13-month average deferral fuel balance to be included in working capital in this case," is reasonable and shall be approved.[95] This finding reduces the Company's requested rate increase by approximately $2.4 million.

Next, the Committee asserts that the "Commission should exclude from revenue requirement the costs of APCo's wind purchased power costs associated with the Camp Grove and Fowler Ridge Projects," which are part of the Company's renewable energy portfolio standard ("RPS") program under § 56-585.2 B of the Code.[96] The Committee states, among other things, that "APCo has not shown that its proposed inclusion of [these] costs in the deferred fuel component of rate base complies with Va. Code § 56-585.2 E."[97] The Company opposes such adjustment,[98] which would reduce its requested rate increase by approximately $1.2 million.[99] We find that APCo has not satisfied – nor even attempted to satisfy – the statutory standards under § 56-585.2 E of the Code for recovery of these costs. Specifically, and as we similarly found in APCo's prior fuel factor proceeding:

> [T]he Company has not met its burden under [the plain language of § 56-585.2 E of the Code] (a) to establish what portion – if any – of the Camp Grove and Fowler Ridge costs represent 'incremental costs of the RPS program,' and (b) to allocate and recover such costs based on demand and excluding large industrial rate classes. Accordingly, we reject the Company's request to include … the RPS program costs attendant to Camp Grove and Fowler Ridge.[100]

In sum, the two findings above, which decrease the deferred fuel component of rate base, collectively reduce the Company's requested rate increase by approximately $3.6 million.

Accumulated Deferred Income Taxes and Accumulated Deferred Investment Tax Credits

Accumulated Deferred Income Taxes ("ADIT") and Accumulated Deferred Investment Tax Credits ("ADITC") are components of rate base and are related to separate operating expenses that the Commission has permitted APCo to recover herein.[101] The Company proposes to functionalize the rate base impact of ADIT/ADITC based on APCo's functional ledgers.[102] Staff, however, proposes to functionalize the rate base impact of these items in a manner that is similar to the method by which the related operating expenses are functionalized.[103] We adopt Staff's recommendation and find that it is reasonable to functionalize the rate base impact of ADIT/ADITC based on the same functionalization of related expenses. This treatment also avoids a

[90] *See, e.g.,* Staff's May 18, 2010 Post-hearing Brief at 10 (citing Tr. 1160 (Allen)).

[91] Ex. 100 (Carr direct) at 11.

[92] *See, e.g.,* Staff's May 18, 2010 Post-hearing Brief at 10. In addition, our approval reflects consistent treatment of rate base and customer growth, which the Company and Staff agree is needed to avoid a mismatch between revenue and rate base. *See, e.g., id.* at 12 (citing Ex. 100 (Carr direct) at 15-21); Company's May 18, 2010 Post-hearing Brief at 75.

[93] *See, e.g.,* Staff's May 18, 2010 Post-hearing Brief at 12, 16 (citing Ex. 100 (Carr direct) at 15-21; Ex. 103 (Carr revised statements) at Revised Statement VII-A). This amount does not include changes to the deferred fuel balance, which are discussed below.

[94] *See, e.g.,* Consumer Counsel's May 18, 2010 Post-hearing Brief at 35-36 (citing Ex. 64 (Norwood direct) at 33-34); Company's May 18, 2010 Post-hearing Brief at 75-76 (citing Tr. 384 (Nelson); Ex. 64 (Norwood direct) at 33-34).

[95] Consumer Counsel's May 18, 2010 Post-hearing Brief at 36 (citing Ex. 64 (Norwood direct) at 33-34). This reduces APCo's deferred fuel adjustment from $31.9 million to $13.8 million. *Id.*

[96] Committee's May 18, 2010 Post-hearing Brief at 31 (typeface modified).

[97] *Id.* at 39.

[98] Company's May 18, 2010 Post-hearing Brief at 76-77.

[99] *See, e.g.,* Ex. 100 (Carr direct) at 79.

[100] *Application of Appalachian Power Company, To revise its fuel factor pursuant to Va. Code § 56-249.6*, Case No. PUE-2009-00038, 2009 S.C.C. Ann. Rept. 462, 466, Order Establishing Fuel Factor (Aug. 3, 2009) (footnote omitted). The Company may defer these carrying costs on its books pending a subsequent request for recovery of the same.

[101] *See, e.g.,* Staff's May 18, 2010 Post-hearing Brief at 15.

[102] *See, e.g., id.* (citing Tr. 879-880 (Carr)); Company's May 18, 2010 Post-hearing Brief at 78-79 (citing Ex. 24 (Kelly rebuttal) at 3-5).

[103] *See, e.g.,* Staff's May 18, 2010 Post-hearing Brief at 15; Tr. 879-880 (Carr).

ratemaking mismatch and permits recovery of appropriate expenses and return on rate base. This finding reduces the Company's requested rate increase by approximately $3.6 million.

Overtime Pay

We find that the Company's proposed overtime pay expense is reasonable.

Capitalization of Executive Compensation

We find that the Company's proposed expensing of executive compensation is reasonable.

Umbrella Trust Plan

The Umbrella Trust Plan funds payments for certain executive employee benefits administered by AEPSC and was established to dedicate funds for these benefits in the event of a bankruptcy or change in control of AEP.[104] In addition: (1) "[t]ypically, the gains on the plan assets offset all or a portion of the cost of those benefits;" (2) "from 2004 through the 2008 test year, [APCo] experienced a loss only in the test year;" and (3) "[t]his aberration in 2008 was due primarily to losses in the stock market."[105] Accordingly, we find that the Company's request to include one-half of the abnormal test year loss as a rate year expense is unreasonable. Rather, we conclude that it is reasonable to reflect a normalized level of Umbrella Trust Plan results. Specifically, we find that it is reasonable to use a five-year average of such results – which reflects both (i) gains from 2004 through 2007, and (ii) losses from 2008.[106] This finding reduces the Company's requested rate increase by approximately $1.3 million.

Other Operating Expense Adjustments

Staff proposed a series of additional operating expense adjustments – some of which increased, and some of which decreased, the Company's revenue requirement.[107] We find that these adjustments are reasonable and shall be approved. This finding reduces the Company's requested rate increase by approximately $5.1 million.

Jurisdictional and Class Cost of Service Studies

We find that APCo's proposed jurisdictional cost of service study, as subsequently updated by the Company, is reasonable.[108] The Company's jurisdictional cost of service study "was uncontested by the other parties in this proceeding and was consistent with the study filed and approved by the Commission in the Company's 2008 base rate case" (Case No. PUE-2008-00046).[109]

Next, we find that the Company's proposed class cost of service study reasonably allocates Virginia jurisdictional costs among APCo's retail customers. The Company appropriately "determined the Virginia retail class cost of service through the standard three-step approach of functionalization, classification and allocation."[110] Moreover, "the Company's jurisdictional, functional, and recommended functionalized class cost of service studies are generally consistent with comparable studies conducted by [APCo] and Staff in the Company's last base rate case, Case No. PUE-2008-00046" – which were adopted by the Commission.[111]

Revenue Allocation

We herein approve an annual revenue requirement increase for APCo of approximately $61.5 million. For purposes of allocating this increase among customer classes, the Company notes that "each party [in this case] argues for different changes" to revenue allocation among customer classes, and that "[a]ll recommend a smaller share of the [rate increase in this case] be allocated to the rate schedule(s) under which they take most or all of their service."[112] We conclude that Staff's proposed "Alternative 2" revenue apportionment, modified such that all customer classes move toward rate of return

[104] *See, e.g.,* Staff's May 18, 2010 Post-hearing Brief at 29.

[105] *Id.* at 29-30 (citing Tr. 1031-32 (Hoersdig); Ex. 100 (Carr direct) at 58).

[106] *Id.* at 30.

[107] *See, e.g., id.* at 34-36 (citing Ex. 100 (Carr direct) at 48-49; Ex. 103 (Carr revised statements) at Revised Statement VII-A).

[108] *See, e.g.,* Company's May 18, 2010 Post-hearing Brief at 87.

[109] *Id.*

[110] *Id.*

[111] Staff's May 18, 2010 Post-hearing Brief at 73 (citing Ex. 104 (Roberts direct) at 6-10). In addition, we decline to adopt at this time the "minimum system" approach for allocating certain distribution costs. *See, e.g.,* Kroger's May 18, 2010 Post-hearing Brief at 2-4; Committee's May 18, 2010 Post-hearing Brief at 39-42; Staff's May 18, 2010 Post-hearing Brief at 73-74; Company's May 18, 2010 Post-hearing Brief at 92-93. Rather, we have found that APCo's traditional class cost of service methodology, as previously approved by this Commission, remains reasonable for purposes of this proceeding.

[112] Company's May 18, 2010 Post-hearing Brief at 88. *See also* Kroger's May 18, 2010 Post-hearing Brief at 3-4; Committee's May 18, 2010 Post-hearing Brief at 46-51; Wal-Mart's May 18, 2010 Post-hearing Brief at 3-5; Steel Dynamic's May 18, 2010 Post-hearing Brief at 5-7.

parity, is reasonable for establishing rates in this proceeding.[113] We find that this result, among other things, avoids unnecessary rate shock and reasonably promotes (i) gradualism in rates, (ii) rate stability and predictability, and (iii) historic continuity.[114]

Schedule GS (General Service)

The Company proposes to implement a new rate schedule, Schedule GS, which would replace Schedules MGS (Medium General Service) and LGS (Large General Service). Schedules MGS and LGS "are both generally applicable to customers with demands greater than 25 kilowatts but less than 1,000 kilowatts, with low load customers benefiting from service under MGS and high load customers benefiting from service under LGS."[115] As explained by Staff, "if a MGS customer's usage characteristics change over time, it may benefit from migrating to LGS, and vice versa," and, according to APCo, "if all identified customers that could benefit by switching schedules were to do so, the Company 'would lose about $770,000 based on present rates.'"[116]

Staff asserts that "[a]s proposed, Schedule GS will adversely affect low load factor customers currently receiving service under Schedules MGS and LGS."[117] Wal-Mart opposes this new schedule, asserting that it (i) is unjustified, (ii) inappropriately collects only 21% of demand-related costs through demand charges, and (iii) creates new revenue instability.[118] VML/VACO also opposes this schedule, stating that "elimination of Schedules MGS and LGS will adversely affect the Public Authorities and governmental customers."[119] Wal-Mart and Kroger further contend that the class rates of return for Schedules MGS and LGS must be equalized prior to replacing such schedules with GS; since LGS has a higher relative rate of return than MGS, these parties assert that the new blended GS rate will permanently disadvantage LGS customers if rates of return are not equalized.[120]

Finally, Staff recommends that Schedule GS "be offered on a voluntary basis, in conjunction with" Schedules MGS and LGS, which "will give the Company an appropriate amount of time to examine the effects of Schedule GS on customers."[121] We adopt Staff's recommendation and approve Schedule GS on a voluntary basis. APCo has not established that it is reasonable at this time to eliminate Schedules MGS and LGS as proposed in this case.[122]

Schedule LGS (Large General Service)

The Company's proposed rate design for Schedule LGS (i) "would recover approximately 65% of demand-related costs through $/kW demand charges,"[123] and (ii) includes a new energy charge designed to recover certain demand-related costs.[124] Kroger asserts that demand charges should recover at least 80% – not 65% – of demand-related costs.[125] Wal-Mart and Kroger further oppose APCo's new energy charge as an improper means through which to collect demand-related costs.[126] Staff recommends that this schedule be modified to collect 70% of demand-related costs through demand charges, which

[113] *See, e.g.,* Staff's May 18, 2010 Post-hearing Brief at 74-77. This results in a specific revenue increase for each customer class as follows:

Customer Class	Revenue Increase
Residential	$ 39,000,043
Small General Service (SGS)	$ 2,020,218
Medium General Service (MGS)	$ 3,025,244
Large General Service (LGS)	$ 5,166,130
Large Power Service (LPS)	$ 11,182,233
Sanctuary Worship Service (SWS)	$ 656,477
Outdoor Lighting (OL)	$ 422,377
Total	$ 61,472,722

[114] The rate design within each class shall be implemented consistent with APCo's proposals in this case – except where modified herein by the Commission – and reduced to reflect the decreased revenue requirements as also approved herein. In addition, for the residential class, the reduced revenue requirement shall be applied to the proposed rates for energy consumption.

[115] Staff's May 18, 2010 Post-hearing Brief at 78.

[116] *Id.* at 78-79 (citing Ex. 78 (Bethel direct) at 14).

[117] *Id.* at 79.

[118] *See, e.g.,* Wal-Mart's May 18, 2010 Post-hearing Brief at 7-9.

[119] VML/VACO's May 18, 2010 Post-hearing Brief at 13.

[120] *See, e.g.,* Kroger's May 18, 2010 Post-hearing Brief at 10-12; Wal-Mart's May 18, 2010 Post-hearing Brief at 5.

[121] Staff's May 18, 2010 Post-hearing Brief at 79.

[122] In addition, as requested by Kroger and APCo, we clarify that the two-tier energy charge in Schedule GS does not constitute a declining block rate. *See, e.g.,* Kroger's May 18, 2010 Post-hearing Brief at 12-14; Company's May 18, 2010 Post-hearing Brief at 90.

[123] Staff's May 18, 2010 Post-hearing Brief at 78.

[124] *See, e.g.,* Kroger's May 18, 2010 Post-hearing Brief at 7-8; Wal-Mart's May 18, 2010 Post-hearing Brief at 5.

[125] *See, e.g.,* Kroger's May 18, 2010 Post-hearing Brief at 5-7.

[126] *See, e.g., id.* at 7-10; Wal-Mart's May 18, 2010 Post-hearing Brief at 5-7.

was required by the Commission as part of the approved settlement in APCo's prior rate case (Case No. PUE-2008-00046).[127] We adopt Staff's recommendation and find that it is reasonable to "retain[] the level of demand costs that the Company recovers through $/kW demand charges at 70%."[128] This finding also eliminates the need for APCo's new LGS energy charge, which we therefore reject.

Schedule LPS (Large Power Service)

The Committee asserts that: (1) "APCo is proposing a 'cost shift' from demand to energy charges in its LPS rate design;" (2) "[t]here is no basis . . . for the Company's proposed rate design for LPS;" (3) "Staff neither concurs with or opposes APCo's proposed rate design;" and (4) "APCo . . . offered no rebuttal to [the Committee's testimony on this issue]."[129] We find that APCo has not established that its proposed cost shift from the LPS demand charges is just and reasonable. These demand and energy charges shall be designed consistent with the cost allocations reflected in the Company's previously approved Schedule LPS.

Schedule GS-TOD (General Service Time-of-Day)

We adopt Staff's proposals (i) to increase the maximum normal demand for General Service Time-of-Day rates from 500 kW to 1,000 kW, and (ii) to remove this schedule's current limitation of 500 customers.[130]

Experimental – ATOD (Advanced Time-of-Day) Schedule

The Commission approved APCo's Advanced Time-of-Day Schedule on an experimental basis in 1997. We adopt Staff's proposal that, given the passage of time, this schedule should no longer be deemed experimental and that all references to such as "experimental" should be removed from the tariff.[131]

Schedule NMS (Net Metering Service Rider)

We approve APCo's proposed revisions to its Net Metering Service Rider, which are designed to reflect recent statutory amendments.[132]

Schedule EDR (Economic Development Rider)

We approve APCo's proposed addition of an Economic Development Rider, which is designed to encourage economic development in the Company's service area.[133]

Credit and Collections

We approve the Company's proposed changes to its credit and collections program, which include, among other things: (i) suspending APCo's current credit and collections program that allows it to require additional deposit amounts if a residential customer exhibits an extended pattern of delinquency or if the deposit on hand is inadequate given the size of a customer's monthly bill; (ii) changing deposits to an amount that is equal to two times the average monthly usage of a customer rather than an amount equal to the customer's estimated bill for the two highest consecutive months of usage; (iii) allowing payments for deposits to be extended up to six months in cases of hardship; and (iv) allowing customers who participate in the Company's budget billing program to spread their settlement payments over the next twelve months of the budget year rather than paying the settlement over three months.[134]

Other Rate Schedules

The Commission approves the Company's proposed rate designs for residential service (Schedules RS, RS-E, RS-TOD), sanctuary worship (Schedule SWS), small general service (Schedules SGS and SGS-TOD), medium general service (Schedule MGS), large power service time-of-day (Schedule LPS-TOD), standby service (Schedule SBS), and outdoor lighting (Schedule OL).[135]

Accordingly, IT IS HEREBY ORDERED THAT:

(1) The Company's Application is granted in part and denied in part as set forth in this Final Order.

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[127] Staff's May 18, 2010 Post-hearing Brief at 78.

[128] *Id.* (footnote omitted).

[129] Committee's May 18, 2010 Post-hearing Brief at 51-53.

[130] *See* Staff's May 18, 2010 Post-hearing Brief at 79.

[131] *See id.* at 80.

[132] *See id.*

[133] *See id.* (citing Ex. 104 (Roberts direct) at 33-34).

[134] Ex. 13 (Waldo direct) at 11-12.

[135] *See* Staff's May 18, 2010 Post-hearing Brief at 77-78, 80.

(2) The Company shall forthwith file revised tariffs and terms and conditions of service with the Commission's Division of Energy Regulation, in accordance with this Final Order, effective for bills rendered on and after August 1, 2010.

(3) The Company shall determine, using the methodology prescribed by the General Assembly (2010 Va. Acts of Assembly Chaps. 1 and 2), whether customer refunds are due. For each customer where application of this methodology results in a refund, the Company shall provide such refund within sixty (60) days of the issuance of this Final Order.

(4) Interest upon the ordered refunds shall be computed from the date payments of monthly bills were due to the date each refund is made at the average prime rate for each calendar quarter, compounded quarterly. The average prime rate for each calendar quarter shall be the arithmetic mean, to the nearest one-hundredth of one percent, of the prime rate values published in the *Federal Reserve Bulletin* or in the Federal Reserve's Selected Interest Rates (Statistical Release H.15) for the three (3) months of the preceding calendar quarter.

(5) The refunds ordered herein may be credited to current customers' accounts. Refunds to former customers shall be made by check mailed to the last known address of such customers when the refund amount is $1 or more. The Company may offset the credit or refund to the extent of any undisputed outstanding balance for the current or former customer. No offset shall be permitted against any disputed portion of an outstanding balance. The Company may retain refunds to former customers when such refund is less than $1. The Company shall maintain a record of former customers for which the refund is less than $1, and such refunds shall be promptly made upon request. All unclaimed refunds shall be subject to § 55-210.6:2 of the Code.

(6) The Company shall deliver to the Commission's Divisions of Public Utility Accounting and Energy Regulation a report showing either that refunds are not required or that all refunds have been made pursuant to this Final Order, detailing the costs of the refunds and the accounts charged.

(7) The Company shall bear all costs incurred in effecting the refunds ordered herein.

(8) This case is dismissed.

CASE NO. PUE-2009-00030
AUGUST 5, 2010

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

ORDER DENYING RECONSIDERATION

On July 15, 2010, the State Corporation Commission ("Commission") issued a Final Order in this proceeding.

On July 26, 2010, Appalachian Power Company ("APCo" or "Company") filed a Petition for Reconsideration pursuant to Rule 5 VAC 5-20-220 of the Commission's Rules of Practice and Procedure. The Company "requests that the Commission reconsider the findings in its Final Order of July 15, 2010 as they relate to the Mountaineer Carbon Capture and Sequestration Project ('Mountaineer CCS' or 'Project')."[1] Specifically, APCo "requests that the Commission clarify its Final Order and allow APCo to defer the costs of Mountaineer CCS and to request their recovery in a future proceeding," and further requests that the Commission adopt the following language for this purpose:

> The Company may defer on its books the costs associated with Mountaineer CCS, until such time as a request for recovery is made and subsequently ruled upon by the Commission.[2]

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Petition for Reconsideration is denied.

As the Commission explained in the Final Order, the Company is undertaking the Project at its "Mountaineer coal-fired plant in West Virginia in an effort to test and prove whether [CCS] is a viable commercial technology for coal-fired electric generation plants in the event carbon emissions are regulated," and this "is the first CCS project being undertaken at an in-service coal plant."[3] The Commission further explained that this is a "validation project" intended to test CCS technology at a level that is not commercial in scale.[4] In addition, we noted that the Company asserts as follows: "Customers of utilities in the U.S. and abroad will benefit from the work we are doing at our Mountaineer plant," but that the "first use of any technology comes at a higher cost than subsequent uses."[5]

In the Final Order, the Commission denied the Company's request for full cost recovery of the Project from Virginia ratepayers. Specifically, we explained that: (1) "although [American Electric Power Company ('AEP')] asserts that this demonstration project will benefit customers of all of AEP's operating companies and of all utilities in the United States, APCo's ratepayers (and not shareholders) are being asked to pay for all of the costs incurred by

[1] Petition for Reconsideration at 1.

[2] *Id.* at 6-7.

[3] Final Order at 19 (internal quotes and citation omitted).

[4] *Id.* (citations omitted).

[5] *Id.* at 19-20 (citations omitted).

AEP for this project;" and (2) "as stated by [the Office of the Attorney General's Division of Consumer Counsel], AEP is undertaking no other [CCS] initiatives at any of its other subsidiaries' plants, and APCo and its customers are being asked to shoulder the entire financial burden and risk associated with AEP's [CCS] research and development."[6] Accordingly, the Commission concluded as follows: "We do not find . . . that it was reasonable for APCo to incur the Mountaineer CCS project costs and then seek recovery from Virginia ratepayers."[7]

Prior to its Petition for Reconsideration, APCo did not seek authority to defer any of the Project costs. Rather, the Company sought full recovery from Virginia ratepayers as part of this proceeding. The Company now seeks Commission approval – for the first time in this proceeding – to defer all Project costs so that it can seek recovery from APCo's ratepayers in the future. In its Petition for Reconsideration, however, APCo fails to address the Commission's fundamental findings on this issue as set forth in the Final Order. Specifically, the Company does not establish why it would be reasonable, now or in the future, for APCo's customers to pay for all of the costs incurred for a validation project that the Company expects will benefit all of AEP's operating companies, all of AEP's shareholders, and other utilities throughout the United States. Having found, as explained above, that it was not reasonable to incur and then seek recovery of all Mountaineer CCS project costs from APCo's ratepayers, we likewise find that it is not reasonable to grant the requested deferral.

Accordingly, IT IS ORDERED THAT:

(1) The Company's Petition for Reconsideration is denied.

(2) This case is dismissed.

[6] *Id.* at 20 (internal quotes and citation omitted). The Final Order also cited parties' positions that: (i) this project significantly increases operation and maintenance expenses at the Mountaineer plant; (ii) this project decreases the efficiency of the Mountaineer facility, which results in increased fuel costs; (iii) the CCS technology decreases the Mountaineer plant's operating capacity, which further increases APCo's capacity deficit position within the AEP-East pool and, thus, increases APCo's capacity equalization charges; and (iv) the potential benefits to Virginia ratepayers currently are speculative at best. *Id.* at 20 n.72 (citations omitted).

[7] *Id.* at 20.

CASE NO. PUE-2009-00033
FEBRUARY 24, 2010

PETITION OF
THE POTOMAC EDISON COMPANY D/B/A ALLEGHENY POWER

For permission to transfer utility facilities pursuant to the Utility Transfers Act, Va. Code § 56-88 *et seq.*

ORDER GRANTING APPROVAL

On May 8, 2009, The Potomac Edison Company d/b/a Allegheny Power ("Allegheny Power" or "Company") filed a Petition ("Petition") with the State Corporation Commission ("Commission") requesting approval, pursuant to the Utility Transfers Act, § 56-88 *et seq.* of the Code of Virginia ("Code"), of a proposed transaction under which the Town of Front Royal, Virginia, ("Front Royal" or "Town") will acquire certain electric distribution facilities on Kendrick Lane ("Facilities") in Front Royal from Allegheny Power ("Proposed Transaction"). The Company currently uses the Facilities to provide electric service to customers located within the Town limits. After the Proposed Transaction, these customers would be served by Front Royal.

The Proposed Transaction is part of an ongoing series of agreements between the Town and the Company. As restated in the Petition, the Company and Front Royal reached a Settlement Agreement in 1986 wherein the Company would transfer its electric facilities in areas annexed by Front Royal in 1976 and 1978 and relinquish its jurisdiction over those areas. In a 1987 Interim Order, the Commission noted that, while the Commission does not have jurisdiction over the Settlement Agreement itself, the Commission does have jurisdiction over the proposed sale of utility electric facilities within the annexed area of the Town.[1] Ultimately, the Commission issued an Order Granting Authority on April 11, 1991, finding in part that the sale and transfer of the electric facilities in the manner described therein would not jeopardize adequate service to the public at just and reasonable rates.[2] According to the Petition in this proceeding, these Facilities and the customers served by them were not part of the phased sale and transfer approved by the Commission in 1992[3] due to operational aspects of the provision of service by Front Royal.

On July 8, 2009, the Commission issued an Order for Notice and Comment. The Commission found that notice should be given to the affected customers because the Proposed Transaction will result in the transfer of each customer from service provided by Allegheny Power at rates regulated by the Commission to service provided by Front Royal at the rates established by the Town. The Order for Notice and Comment also directed the customers to take note that the rates, terms, and conditions of service under which they are currently provided electric service by Allegheny Power may change if the transfer is approved and, therefore, the proposed transfer could affect their monthly bills. While the Order for Notice and Comment provided interested

[1] *Application of The Potomac Edison Company, For authority to sell utility property*, Case No. PUA-1987-00029, 1987 S.C.C. Ann. Rept. 186, Interim Order (Aug. 6, 1987).

[2] *Application of The Potomac Edison Company, For authority to sell utility property*, Case No. PUA-1987-00029, 1991 S.C.C. Ann. Rept. 205, Order Granting Authority (Apr. 11, 1991).

[3] *Application of The Potomac Edison Company, For authority to sell utility property*, Case No. PUA-1987-00029, 1992 S.C.C. Ann. Rept. 204, Order Granting Authority (July 20, 1992).

persons an opportunity to comment on the Petition and request a hearing, ultimately no comments or requests for hearing were received by the Commission from any of the affected customers.

The Staff filed a report ("Staff Report") on September 15, 2009, in which the Staff reviewed the details of the Proposed Transaction. Subject to Commission authorization, the Company and Front Royal have agreed that Allegheny Power will transfer ownership and control of the Facilities to Front Royal. The Facilities, located on Kendrick Lane in Front Royal, Virginia, consist of approximately 480 feet of three-phase and 300 feet of single-phase, 12.47 kV primary line construction of various sizes: 336AA, 6Cu, and 2AAAC. The line construction includes seven poles (with vintages between 1950-1997); sixteen cross arms; ten overhead transformers (with vintages between 1987-2003); ten cut-outs; service conductors; and all ancillary primary and secondary equipment. The Company has agreed to transfer, and Front Royal has agreed to acquire, the Facilities at no cost in exchange for a new Franchise Agreement between the Company and Front Royal. The Franchise Agreement will be valued at the net book cost of the Facilities at the time the Proposed Transaction is approved by the Commission, or approximately $6,656.

The Staff Report further noted that the primary operational issue formerly presented by transferring these Allegheny Power customers to Front Royal was the remote location of these customers in relation to the Town's electric distribution system. Also at issue was the cost to the Town to serve the customers. However, according to Allegheny Power, the Town's system has expanded since 1992, and the Town has now initiated the request to provide service to these Allegheny Power customers.

The Staff Report documented that pursuant to the Franchise Agreement, Front Royal will grant to the Company a five-year franchise with the option of renewal for three more five-year terms, upon the Commission's approval of the Proposed Transaction. The Franchise Agreement also requires Allegheny Power to install certain new electric facilities within the Town and to maintain certain existing facilities as well. Although the Franchise Agreement also provides that Allegheny Power retains the right to provide electric service to customers located within the Town after the Proposed Transfer if the Town so requests, Allegheny Power will no longer be providing electric service to any existing customers within the Town's corporate limits.[4]

The Staff concluded that the Proposed Transaction would appear to make sense from a service standpoint. As a result of the Proposed Transaction that the Company initiated at the request of Front Royal, Front Royal will serve all customers located within the main area of the Town, which will help clarify the boundaries of the service territories of both entities. The Staff Report stated there does not appear to be any problems with the service currently provided by the Town's Department of Energy Resource Management and that the Town's Department of Energy Resource Management appears capable of serving the additional customers that will be acquired from Allegheny Power.

The Staff Report also documented a significant increase in the rates the affected customers will pay under the Town's rates upon completion of the Proposed Transaction compared to the rates these customers are currently charged by Allegheny Power. However, as noted above, there were no complaints filed with the Commission by the affected customers regarding the potential increase in rates as a result of the Proposed Transaction. On November 25, 2009, the Commission issued an Order directing that additional notice and an opportunity to comment be provided so that the affected customers and Front Royal may have an opportunity to address the Staff Report and the potential rate increase reflected therein that would occur if the Proposed Transaction is approved by the Commission.

As directed by the November 25, 2009 Order, Allegheny Power sent a copy of the Order and the Staff Report to each of the affected customers and to the Town. No comment on the Staff Report or the potential rate increase reflected therein was received by the Commission from any of the affected customers. On February 1, 2010, Front Royal's mayor, Eugene R. Tewalt, filed a letter on behalf of the Town Council and the citizens they represent supporting the Proposed Transaction. Mayor Tewalt stated that it is in the public interest for the Town to serve these customers located on Kendrick Lane, Front Royal, Virginia.

NOW THE COMMISSION, upon consideration of the record, is of the opinion and finds as follows. The Proposed Transaction was not opposed by the Town, or by any of the affected customers. Based on the record in this case, we find that the above-described transfer of utility assets will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-89 and 56-90 of the Code, The Potomac Edison Company d/b/a Allegheny Power is hereby granted authority to transfer to the Town of Front Royal, Virginia, the utility assets described herein.

(2) Within thirty (30) days of completing the transfer, Allegheny Power shall file a report with the Commission to include the date of the transfer, the value of the Franchise Agreement (net book cost of the Facilities at the time of closing), and the actual accounting entries recorded on the Company's books reflecting the transfer.

(3) There being nothing further to come before the Commission in this proceeding, this case is hereby dismissed from the active docket and the papers filed herein placed in the Commission's file for ended causes.

[4] Allegheny Power will retain two substations and associated circuits within the corporate limits of the Town that are used to provide electric service to Allegheny Power customers outside the Town's boundaries, in Warren, Page, and Rappahannock Counties.

CASE NO. PUE-2009-00039
JANUARY 14, 2010

APPLICATION OF
APPALACHIAN POWER COMPANY

For recovery of environmental and reliability costs

ORDER APPROVING SURCHARGE

On May 15, 2009, Appalachian Power Company ("Appalachian" or "Company") filed an application with the State Corporation Commission ("Commission") seeking adjustment of its electric rates pursuant to §§ 56-582 B (vi) and 56-585.1 A 5 of the Code of Virginia ("Code"). Appalachian seeks to revise its surcharge for the recovery of incremental environmental compliance and transmission and distribution system reliability costs ("E&R costs") incurred during calendar year 2008. Appalachian asserted that it incurred qualified incremental E&R costs during the period January 1, 2008 through December 31, 2008, resulting in a total net revenue requirement of $102.2 million.

The Company represented that the revenue requirement is consistent with the methodologies approved by the Commission in previous E&R cases.[1] The Company also requested a 12.5% rate of return on common equity ("ROE") in this case. Appalachian further stated that its proposed surcharges reflect an allocation of E&R costs among customer rate classes by functional revenues in a manner consistent with its previous E&R cases.

The Commission issued an Order for Notice and Hearing on June 3, 2009, which docketed and required published notice of the application, established a procedural schedule for this case, scheduled a public hearing to commence on October 1, 2009, and assigned a Hearing Examiner to this matter.

On December 18, 2009, Chief Hearing Examiner Deborah V. Ellenberg entered a Report that explained the procedural history of this case, summarized the record, analyzed the evidence and issues in this proceeding, and made certain findings and recommendations ("Chief Hearing Examiner's Report").[2] The Chief Hearing Examiner noted that Notices of Intent to Participate in this proceeding were timely filed by the Old Dominion Committee for Fair Utility Rates ("Old Dominion Committee"), VML/VACo APCo Steering Committee ("VML/VACo Committee"), Steel Dynamics, Inc. ("Steel Dynamics"), and the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"). The Chief Hearing Examiner also discussed the testimony provided by the participants and by the two public witnesses, Senator William Roscoe Reynolds and Delegate Ward Armstrong.

The Chief Hearing Examiner explained that a Stipulation was offered by the Company, Staff, and VML/VACo Committee ("Stipulating Participants"), which recommended a revenue requirement of $89.5 million for this case. Specifically, the Chief Hearing Examiner stated as follows:

> The Stipulating Participants agree that the Company is entitled to a revenue requirement to recover $89.5 million of incremental costs for E&R costs incurred during the period January 1, 2008 through December 31, 2008. . . .
>
> The recommended revenue requirement was based upon the Staff's December 31, 2008, capital structure, its cost rates as revised on September 15, 2009, and an ROE of 10.6%.[3]

No party objected to the revenue requirement proposed in the Stipulation.[4]

Next, the Chief Hearing Examiner noted that the principal "issue in controversy was the allocation of the revenue requirement among [customer] classes."[5] Specifically, the Chief Hearing Examiner stated as follows:

> Staff and the Company used the functional revenue approach to allocate the E&R costs among rate classes. That approach was used by the Commission in all prior E&R cases. However, the Commission used that approach because it did not have the benefit of a current [cost-of-service ('COS')] study. The Old Dominion Committee and Steel Dynamics assert that the Commission should approve a cost-based allocation method in this case.[6]

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[1] *See Applications of Appalachian Power Company for adjustment to capped electric rates pursuant to § 56-582 B (vi) of the Code of Virginia*, Case Nos. PUE-2005-00056, PUE-2007-00069, and PUE-2008-00045.

[2] An errata to the Chief Hearing Examiner's Report was entered on December 21, 2009.

[3] Chief Hearing Examiner's Report at 9 (footnotes omitted).

[4] *Id.* at 10. The Chief Hearing Examiner further noted that, while "Consumer Counsel did not participate in the Stipulation," Consumer Counsel stated at the hearing that it "'does not object to the proposed [S]tipulation'" and that it "'appears to us that the recovery permitted under the Stipulation is reasonable within the range of likely outcomes.'" *Id.* at 8 (quoting Tr. 135-136).

[5] *Id.* at 10.

[6] *Id.* at 10-11.

On this issue, the Chief Hearing Examiner found that the revenue requirement should be allocated as proposed by the Company and Staff, explaining as follows:

> Staff witness Abbott expressed concern about the risk of a mismatch between cost-causation and recovery due to the assignment of costs using a revenue allocator versus a cost-of-service allocator, but the revenue-based allocator proposed in this case is generally reflective of the results of the COS study.
>
> . . . The Commission continues to move toward cost-causation allocations, and should continue to do so in this case. I am concerned, however, with a rapid and sudden move to that goal as suggested by the Old Dominion Committee and Steel Dynamics. I therefore support and recommend that the Commission continue to allocate costs in this case as proposed by the Company and supported by Staff. I am persuaded by Staff witness Abbott's testimony that use of the functional revenue approach using data from the Company's last case does move most allocations toward cost-based allocation goals. . . .[7]

In conclusion, the Chief Hearing Examiner made the following findings:

> (1) The Stipulation presents a reasonable resolution to those revenue requirement issues which it addresses, and should be adopted;
>
> (2) A revenue requirement of $89.5 million to recover qualified E&R costs incurred during the period January 1, 2008, and December 31, 2008, is justified;
>
> (3) The revenue requirement should be allocated as proposed by the Company, and supported by Staff, which moves the allocation percentages closer to the cost-based allocation that would be indicated by the current COS study than have been applied in previous E&R cases, but would avoid further rate shock on residential customers that would be experienced with a drastic move to a cost-based methodology; and
>
> (4) The revised E&R factor should be applied for usage upon issuance of a Final Order herein.[8]

On or before December 29, 2009, the following participants filed comments on the Chief Hearing Examiner's Report: Appalachian; Steel Dynamics; Old Dominion Committee; and Staff.

The Company and Staff support the Chief Hearing Examiner's Report.

Steel Dynamics asserts that: (1) "a COS exists and indisputably shows unwarranted inter- and intra-class subsidies among the customer classes;" (2) "the ultimate recommendation set forth in the [Chief Hearing Examiner's] Report is to continue to use the flawed functional revenue approach to the allocation of E&R costs and to ignore the definitive cost-causation approach;" and (3) "the estimated rate impact on a typical residential customer's monthly bill of moving to cost of service would be *de minimis*."[9] In addition, Steel Dynamics states that "the Commission should require that [Appalachian] file a COS-based customer class allocation study with all future rate filings."[10]

The Old Dominion Committee asserts as follows: (1) "[t]he [Old Dominion] Committee respectfully objects to the [Chief Hearing Examiner's] Report's recommendation regarding revenue apportionment;" (2) [the functional revenue method] "'improperly classifies too large a percentage of E&R costs as energy-related costs and too small a percentage as demand-related cost;'" (3) "continued use of the [functional] revenue method in this case means continuation of the bizarre difference between the approach used to apportion E&R costs among customer classes in base rate cases and the approach used to apportion E&R costs in E&R surcharge cases;" and (4) "the Commission should apply the COS method for apportioning E&R costs in this case."[11]

NOW THE COMMISSION, having considered this matter, adopts the recommendations in the Chief Hearing Examiner's Report as set forth herein.

Code of Virginia

Appalachian seeks an E&R rate adjustment clause pursuant to §§ 56-582 B (vi) and 56-585.1 A 5 of the Code. Section 56-582 B (vi) provides as follows:

> The Commission may adjust such capped rates in connection with the following: . . . (vi) with respect to incumbent electric utilities that were not, as of the effective date of this chapter, bound by a rate case settlement adopted by the Commission that extended in its application beyond January 1, 2002, the Commission shall adjust such utilities' capped rates, not more than once in any 12-month period, for the timely recovery of their incremental costs for transmission or distribution system reliability and compliance with state or federal environmental laws or regulations to the extent such costs are prudently incurred on and after July 1, 2004.

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[7] *Id.* at 11 (footnotes omitted).

[8] *Id.* at 12.

[9] Steel Dynamics' December 29, 2009 Comments at 2-3.

[10] *Id.* at 3 (typeface and case modified).

[11] Old Dominion Committee's December 29, 2009 Comments at 2, 5-7 (citation omitted).

Section 56-585.1 A 5 further states as follows:

> A utility may at any time, after the expiration or termination of capped rates, but not more than once in any 12-month period, petition the Commission for approval of one or more rate adjustment clauses for the timely and current recovery from customers of the following costs:
>
> a. Incremental costs described in clause (vi) of subsection B of § 56-582 incurred between July 1, 2004, and the expiration or termination of capped rates, if such utility is, as of July 1, 2007, deferring such costs consistent with an order of the Commission entered under clause (vi) of subsection B of § 56-582. The Commission shall approve such a petition allowing the recovery of such costs that comply with the requirements of clause (vi) of subsection B of § 56-582; . . . .

As required by the plain language of the statutes above, the Commission herein approves a rate adjustment clause for incremental E&R costs prudently incurred between January 1, 2008 and December 31, 2008, which is the historical period chosen by Appalachian for this case.

Revenue Requirement

We adopt the Chief Hearing Examiner's finding "that the revenue requirement recommended by the Stipulating Participants is reasonable."[12] Accordingly, we approve a revenue requirement of $89.5 million for purposes of the E&R surcharge approved herein.

Class Allocation

As noted above, the Chief Hearing Examiner found that the revenue requirement should be allocated as proposed by the Company and Staff, and Steel Dynamics and the Old Dominion Committee opposed this allocation.

We adopt the Chief Hearing Examiner's recommendation. While a COS study is relevant in allocating costs among customer classes, such allocation need not exactly reflect a COS study in order to be reasonable. Indeed, as explained by this Commission over 15 years ago:

> The primary goal of a [COS] study is to allocate and assign costs and revenues to each customer class as reasonably consistent as possible with the incurrence of those costs. However, it must be recognized that there is no scientifically correct method for allocating costs. A certain amount of judgment must be used in any [COS] study. [COS] studies are not precision instruments, but rather tools to facilitate the establishment of a zone of reasonableness.[13]

In this case we find, as posited by the Chief Hearing Examiner and Staff witness Abbott, that using the functional revenue approach proposed herein reasonably moves rates toward the class COS study presented in this matter. Moreover, the rate design approved herein assigns a lower allocation to industrial customers than the allocations utilized in both the Company's prior base rate case and prior E&R case.[14] In sum, we conclude that, in this instance and based on the specific circumstances of this case, using a functional revenue approach results in a reasonable allocation of the revenue requirement approved herein.[15]

Finally, we note that the rate increase approved in this Order is lower than that requested in the Company's application. Appalachian sought $102.2 million, but this amount has been reduced to $89.5 million. Other Appalachian rate cases remain pending before this Commission. The Commission recognizes that many people and businesses in Appalachian's service territory are suffering from economic hardship and any rate increase is burdensome. Under Virginia law, however, the Company is authorized to recover costs reasonably incurred to comply with environmental requirements, which are a significant portion of this rate increase.[16]

Accordingly, IT IS HEREBY ORDERED THAT:

(1) The Company's application seeking a rate adjustment clause pursuant to §§ 56-582 B (vi) and 56-585.1 A 5 of the Code of Virginia is granted in part, and denied in part, as set forth herein.

(2) The Findings and Recommendations in the Chief Hearing Examiner's December 18, 2009 Report are adopted as set forth herein.

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[12] Chief Hearing Examiner's Report at 10.

[13] *Application of Commonwealth Gas Services, Inc., For a general increase in rates,* Case No. PUE-1992-00037, 1993 SCC Ann. Rept. 262, 264-265 (1993).

[14] *See, e.g.,* Exh. 4 at 5 (Staff witness Abbott). Although not dispositive in our analysis herein, we also note that the cost to residential customers of moving rates completely to the COS in this proceeding – as requested by Steel Dynamics and the Old Dominion Committee – appears greater than that estimated by the Company at the hearing. *See, e.g.,* Exh. 2, Schs. 6 and 8 (Company witness Weis) (indicating that the rate impact on residential customers would be approximately 4.7%, which is greater than that suggested by Company witness Weiss during cross-examination (*see, e.g.,* Tr. 103)).

[15] Finally, we do not herein mandate that the Company file a separate COS-based class allocation study in all future rate applications. This proceeding is limited to Appalachian's E&R surcharge under the terms of §§ 56-582 B (vi) and 56-585.1 A 5 of the Code and does not address other statutorily-permitted rate cases that the Company may file in the future. Accordingly, the need and/or relevancy of COS-based allocations in a future rate case may be subsequently addressed in proceedings related to that case.

[16] *See, e.g.,* Exh. 20, Sched. 1 (Staff witness Carr); Exh. 11 at 3 (Company witness McManus).

(3) The Company shall implement a line-item surcharge, designated on customer bills as "Environmental & Reliability Cost Recovery Surcharge," to recover the revenue requirement approved herein for incremental E&R costs prudently incurred from January 1, 2008, through December 31, 2008.

(a) Such surcharge shall be effective for service rendered on and after January 15, 2010, and shall be calculated as recommended in the Chief Hearing Examiner's December 18, 2009 Report.

(b) Such surcharge shall be designed to recover the revenue requirement approved herein for service rendered through December 31, 2010.

(c) Such surcharge shall cease for service rendered after December 31, 2010.

(4) Consistent with the findings made herein, the Company shall forthwith file with the Commission's Division of Energy Regulation revised tariffs, effective for service rendered on and after January 15, 2010.

(5) The Company shall keep track of all base rate and surcharge recoveries of incremental E&R costs on a continuing basis and, beginning September 1, 2010, shall (a) file in this docket monthly reports of the same with the Clerk of the Commission, and (b) serve a copy on all parties to this proceeding.

(6) On or before February 1, 2011, the Company shall file an application with the Commission proposing a methodology by which to address any over- or under-recovery of the revenue requirement approved herein.

(7) This matter is continued.

CASE NO. PUE-2009-00040
JANUARY 19, 2010

APPLICATION OF
DALE SERVICE CORPORATION

For an expedited increase in rates

FINAL ORDER

On May 15, 2009, Dale Service Corporation ("Dale Service" or "Company") filed with the State Corporation Commission ("Commission") an application for an expedited increase in rates ("Application"), together with supporting testimony and exhibits. The Company sought to increase its annual operating revenues by $740,896.00, an increase of approximately 7.6% in annual sewer revenues based upon a test year of the calendar year 2008. The Company requested that it be permitted to place its proposed rates into effect, for service rendered on and after July 1, 2009, subject to refund if the Commission ultimately determined such rates to be too high.

The Company stated the proposed increase is due in large measure to increased operating expenses and diminished revenues attributable to connection fees.[1] The Company also seeks rates sufficient to maintain a debt service ratio of 1.20, the level approved in the Company's last rate case, Case No. PUE-2007-00076.

The Company included in its Application the volumetric rate structure approved by the Commission in Case No. PUE-2007-00105.[2] The Company's residential customers will be sorted by their quarterly usage and divided into three classes of usage: the low-usage class of customers will be that 25% of total customers at the low end of water usage and then will be charged at a flat rate 15% less than that of the average-usage rate, and the high-usage class of customers will be that 25% at the high end of water usage and will be charged a flat rate of 15% more than the average-usage rate. The average-usage rate will be applied to the middle 50% of water usage customers. Based on usage by customer class and the Company's proposed average-usage rate of $108.70 per quarter for residential customers, the proposed rate for the low-usage class is $92.40 per quarter and for the high-usage class is $119.57 per quarter. The Company has been working with Virginia-American Water Company ("Virginia-American") to secure water usage data to implement the volumetric rate design in this proceeding.

The Company requested a waiver of Rule 20 VAC 5-201-10 H of the Rules Governing Utility Rate Increase Applications and Annual Informational Filings ("Rate Case Rules"), which would otherwise require the Company to file electronic spreadsheets to perform calculations. Instead, the Company manually entered the numerical data depicted in its schedules. The Company represented that a requirement to re-create calculations with embedded formulas in electronic spreadsheets in accordance with the Rate Case Rules would be unduly burdensome.

Finally, the Company requested a waiver of Rule 20 VAC 5-201-30 of the Rate Case Rules, which requires Dale Service to file a jurisdictional cost of service study in Schedule 40 and to report separately its non-jurisdictional revenues, expenses, and investments in Schedules 9, 10, 11, 21, 24, 25, and 26. According to the Company, it serves only 31 governmental, non-jurisdictional customers, representing approximately 0.13% of its total customer

[1] The Company reports that since its last expedited rate increase was approved on March 5, 2008, in *Application of Dale Service Corporation For an expedited increase in rates*, Case No. PUE-2007-00076, 2008 S.C.C. Ann. Rep. 416, the annual number of connections ("Capacity Charges") has continued to fall. The revenue increase requested is intended to address increases in expenses, a more appropriate level of assumed Capacity Charges ("Guaranteed Payments"), and ongoing costs related to the issuance, interest, and principal payments for bonds issued to fund construction of new plant and equipment to meet new federal and state environmental operating standards. The Company anticipated placing the new plant and equipment into operation in October 2009.

[2] *Application of Dale Service Corporation For Volumetric Rate Design Approval*, Case No. PUE-2007-00105, 2008 S.C.C. Ann. Rep. 437.

base of 23,494 customers. Since these non-jurisdictional customers have virtually no impact on the Company's jurisdictional cost of service, Dale Service requested that its Application be allowed to proceed on a total Company basis including both jurisdictional and non-jurisdictional operations in its cost of service.

On May 21, 2009, the Company filed a Motion to Amend Application ("Motion to Amend"), which revised and replaced the sample billing included in Schedule 43 of the Application. The next day, the Company filed a corrected copy of the sample billing and Schedule 43.

On June 9, 2009, the Company filed a Motion for Suspension of Interim Rates ("Motion for Suspension") requesting that the proposed interim rate increase be suspended until October 1, 2009. In support of its Motion for Suspension, the Company explained that the projected in-service date for its new facilities slipped from July 1, 2009, to October 1, 2009, and that it had not obtained and processed all of the relevant billing data from Virginia-American necessary to implement its proposed rates on July 1, 2009.

On June 11, 2009, the Commission's Staff ("Staff") filed an interim report in which it concluded that there was a reasonable probability the proposed increase would be justified following a full investigation and hearing. The Staff also did not oppose the Company's request for waivers of those Rate Case Rules that require the Company to file a jurisdictional cost of service study and to separate its jurisdictional and non-jurisdictional revenues, expenses, and investments when seeking rate relief, and to file electronic spreadsheets.

On June 23, 2009, the Commission entered an Order for Notice and Hearing ("Order"), in which the Commission, among other things: granted the Company's Motion to Amend; authorized the Company to implement its proposed rates, as amended, on an interim basis, subject to refund, for service rendered on and after October 1, 2009; granted a waiver of Rule 20 VAC 5-201-30 of the Rate Case Rules requiring the filing of a jurisdictional cost of service study in Schedule 40 and reporting separately the non-jurisdictional revenues, expenses, and investments in Schedules 9, 10, 11, 21, 24, 25, and 26; granted a waiver of Rule 20 VAC 5-201-10 H of the Rate Case Rules requiring the filing of electronic spreadsheets with underlying formulas; scheduled a public hearing for November 5, 2009, in the Commission's Courtroom in Richmond, Virginia, to receive public comment and evidence on the Application; directed the Company to provide public notice of its Application; and assigned the case to a hearing examiner to conduct all further proceedings on behalf of the Commission and to issue a final report.

On June 26, 2009, the Company filed a Motion to Amend and Supplement Application and for Additional Time to Complete Notification and Publication ("Motion to Amend and Supplement"). In its Motion to Amend and Supplement, the Company requested permission under Rule 5 VAC 5-20-130 to amend and supplement its Application to (i) correct the proposed rate for residential customers in the high-usage classification; and (ii) include the Company's real estate taxes associated with the new plant scheduled to be in service by October 2009, which increased the Company's revenue requirement to $874,689.00. The Company requested that a ruling be issued correcting the notice to be given and allowing the Company additional time in which to complete notice and publication. The Company stated the amendment supplements the original Application and revises and replaces Schedules 21, 25, 26, 29, 41, and 43; and adds two pages to the attachment to Schedule 29. The Company explained that it had inadvertently overlooked the impact of real estate taxes on its revenue requirement associated with the new plant expected to be placed in service in October.

The Company supplied the corrected quarterly rates for each customer class, as follows:

Customer Class	Present Rates	Proposed Rates	Corrected Proposed Rates
Residential:			
Low-Usage	$101.26	$ 92.40	$ 93.82
Average-Usage	$101.26	$108.70	$110.37
High-Usage	$101.26	$119.57	$126.93
Multi-Unit	$101.26	$108.70	$110.37
Commercial:	$127.14	$136.80	$138.59

The Company noted that correction of the errors necessitated a delay in publication of notice to its customers. The Company requested that it be allowed to further amend and supplement its Application, correct its notice to the public, and be granted additional time in which to complete its notice and publication. Finally, the Company argued that granting its Motion would not harm or prejudice its customers or any party to this proceeding because the Company delayed completion of notice and publication, and the interim rates requested in the Application were not scheduled to go into effect until October 1, 2009.

By Hearing Examiner's Ruling entered on June 29, 2009, the Company's Motion to Amend and Supplement was granted; the Company's revised Schedules 21, 25, 26, 29, 41, and 43 were accepted for filing; the Company's two-page addition to Schedule 29 was accepted for filing; and the Company was directed to publish a corrected notice on two occasions in newspapers of general circulation throughout the Company's service territory.

On August 3, 2009, the Company provided a summary of the analysis it used to convert the Virginia-American billing data for its Prince William County, Virginia, water customers into volumetric classifications for Dale Service sewage customers, in accordance with the Commission's Final Order in Case No. PUE-2007-00105 and as directed by Ordering Paragraph (2) of the Commission's June 23, 2009 Order.

On August 18, 2009, the Company filed a Motion for Protective Order. The motion was granted and a Protective Ruling was issued on August 20, 2009.

The public hearing to receive comments and evidence on the Company's Application was convened as scheduled. Four public witnesses appeared at the hearing either in person or by telephone. The Company and the Staff introduced a stipulation ("Stipulation") that would settle all issues except for the Company's treatment of customers with zero water usage and the Company's use of its standard Homeowner (Customer) – Tenant Agreement for sewer service. The Stipulation agrees upon an increased revenue requirement of $653,005 and quarterly rates that are lower than those proposed by the Company; *i.e.*, $91.78 for low usage residential customers, $107.99 for average usage and multi-tenant customers, $124.17 for high usage customers, and $135.65 for commercial customers. The Company bills its customers on a quarterly basis and had chosen to forego implementing its proposed rates on

October 1, 2009. Instead, the Company stated at the hearing that it intends to place the lower, stipulated rates into effect January 1, 2010, on an interim basis, subject to refund based upon the Commission's Final Order in this case.[3]

On December 8, 2009, Hearing Examiner Michael D. Thomas issued a report, which provided a detailed history of the case, summarized the record, discussed the primary issues, and made certain findings and recommendations ("Hearing Examiner's Report"). The case participants waived comments to the Hearing Examiner's Report.

The Hearing Examiner made the following findings:

(1) The stipulated rates are reasonable;

(2) The Stipulation represents a reasonable compromise of the interests of the Company and its customers;

(3) The Stipulation reasonably addresses other substantive issues affecting the Company's rates; and

(4) The Company's proposals to resolve the two issues not covered by the Stipulation are reasonable and should be adopted.

The Hearing Examiner recommended that the Commission enter an order that adopts the findings and recommendations of his report; adopts the Stipulation, which is appended hereto as "Attachment A;" approves the Company's rates as provided by the Stipulation; and dismisses this case from the Commission's docket of active cases and passes the papers herein to the file for ended causes.

NOW THE COMMISSION, having considered the record herein, the Hearing Examiner's Report, and the applicable law, is of the opinion and finds that the Stipulation represents a reasonable result under the statute and should be adopted. Accordingly, the Company should file amended tariffs in conformance with the Stipulation.

The amended tariffs referenced above shall incorporate the Company's proposal to suspend billing for customers who provide evidence of zero water usage for twelve continuous months of service on and after January 1, 2010, and such tariffs may continue the financial obligation placed upon property owners by the Homeowner (Customer) - Tenant Agreement. Both of these items, however, are subject to change if the Company acquires better water usage information that will allow more frequent approximation of sewage usage by the persons actually occupying the property.

Accordingly, IT IS HEREBY ORDERED THAT:

(1) The terms and conditions of the Stipulation are approved and incorporated herein.

(2) Dale Service shall be granted an increase in gross annual revenues of $653,005. Based on test year operations, the revisions will produce a debt service coverage ratio of 1.20.

(3) Consistent with the findings herein, the Company shall forthwith file revised tariffs with the Commission's Division of Energy Regulation that will produce the amount of annual operating revenues stipulated and authorized herein.

(4) This case is hereby dismissed.

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.

[3] Tr. at 33-35.

CASE NO. PUE-2009-00041
OCTOBER 18, 2010

APPLICATION OF
MASSANUTTEN PUBLIC SERVICE CORPORATION

For an increase in water and sewer rates

FINAL ORDER

On May 18, 2009, Massanutten Public Service Corporation ("MPSC" or the "Company") filed a Notice of Intent to File an Application for an Increase in Rates Pursuant to Chapter 10 of Title 56 of the Code of Virginia. On August 6, 2009, the Company filed an Application for a General Increase in Water and Sewer Rates ("Application") with the State Corporation Commission ("Commission"), together with certain schedules filed under seal pursuant to 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, and testimony and exhibits. Additionally, the Company filed a Motion for Entry of a Protective Order. On August 14, 2009, the Company filed revised rate schedules to the Application. On August 27, 2009, the Company filed a Motion for Leave to Amend Filing with supplemental direct testimony of Burnice Dooley and certain revised rate schedules, including one adjustment filed under seal.

The Company seeks a rate increase that would produce additional annual revenues of $905,250, consisting of $526,250 in additional water revenues and $379,000 in additional sewer revenues, representing an increase of approximately 62% for water rates and 35% for sewer rates, or 47% overall.[1] The Company requested that its proposed rate increase be allowed to go into effect on January 1, 2010.

[1] The Company's proposed increase in rates is set forth in Schedule 41 of the Application.

On September 4, 2009, the Commission entered an Order for Notice and Hearing that: docketed the Company's Application; established a procedural schedule for the case; scheduled a public hearing for February 18, 2010; directed the Company to provide public notice of its Application; permitted interested persons to file written comments on the Application or notices of participation as a respondent; assigned the case to a Hearing Examiner; and allowed the Company to place its proposed rates into effect on January 1, 2010, 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.

On September 25, 2009, the Massanutten Property Owners Association ("MPOA" or "Association") filed a Notice of Participation ("Notice"), and a Motion for Extension of Time to File Testimony and Exhibits ("September 25 Motion"). In its Notice, the Association represented that its members are customers of the Company and are vitally interested in the outcome of this proceeding. The Association stated it would address issues related to the Company's proposed revenue requirement and any other issues raised by the Company, the Commission Staff ("Staff"), and other parties. In its September 25 Motion, the Association requested additional time to complete discovery and prepare its testimony and exhibits. The Association requested an extension from October 19, 2009, to December 1, 2009. The Company and Staff had no objection to the requested extension of time.

By Hearing Examiner's Ruling entered on September 28, 2009, the Association's September 25 Motion was granted, and the Association was directed to file its direct testimony and exhibits on or before December 1, 2009. The remainder of the procedural schedule remained in effect.

As directed by the Order for Notice and Hearing, the Staff filed its testimony on January 20, 2010.

By letter filed on January 29, 2010, the Company advised the Commission that it had delayed implementation of its proposed new rates and that it would place its rates into effect for service rendered on or after February 1, 2010, subject to the Commission's final order in the case.

On January 29, 2010, the MPOA filed a Motion ("January 29 Motion") requesting the Hearing Examiner to enter a ruling: (1) continuing generally the evidentiary portion of the hearing; (2) directing MPSC to file a fully allocated cost of service ("COS") study, as agreed to by the Company as part of a settlement in its prior rate case; (3) providing a reasonable time by which the fully allocated COS study should be filed; (4) permitting a reasonable time for MPOA and Staff to analyze the fully allocated COS study and either provide comment on or supplement to their respective prefiled testimonies; and (5) providing an expedited time frame for response and reply or, in the alternative, schedule oral argument on the January 29 Motion.

By Hearing Examiner's Ruling, the parties were provided an opportunity to file their responses to the January 29 Motion on or before February 10, 2010. Responses were timely filed by the Company and the Staff, and the Association filed a timely reply to the responses. By Hearing Examiner's Ruling entered on February 12, 2010, the Association's January 29 Motion was denied. The Hearing Examiner found the plain language of the Commission's Final Order in Case No. PUE-2006-00126 and the Stipulation incorporated by reference did not require the Company to submit a "fully allocated class cost of service study" in this case. The two documents merely required a "class cost of service study," and Schedule 40 of the Application met that requirement.

On February 16, 2010, the Company and Staff signed a Stipulation and filed a Joint Motion to Accept Stipulation.

An evidentiary hearing was held before the Hearing Examiner on February 18, 2010. Three public witnesses appeared and testified at the hearing. Donald G. Owens, Esquire, and Thomas C. Walker, Esquire, appeared on behalf of the Company. Brian R. Greene, Esquire, and Katharine A. Hart, Esquire, appeared on behalf of the Association. Robert M. Gillespie, Esquire, and Mary Beth Adams, Esquire, appeared on behalf of the Staff.

On April 28, 2010, Hearing Examiner Michael D. Thomas issued the Hearing Examiner's Report ("Report"), which included the following findings:

1. The alternative water base facilities charges proposed in [the Hearing Examiner's] Report are fair and reasonable;

2. The Staff's customer count adjustments are reasonable;

3. The Staff's electricity expense adjustment is reasonable;

4. The Staff's chemical expense adjustments are reasonable;

5. The Company's decision to develop Well #40 was reasonable given the circumstances at the time the decision was made to develop the well;

6. UI's decision to replace its obsolete information technology system with the JDE and CC&B systems was reasonable;[2]

7. The allocation of the JDE and CC&B system costs to the Company is reasonable;

8. The Company's proposed eight-year amortization period of its Project Phoenix[3] costs is reasonable;

9. Schedule 40 of the Application met the requirement of the Commission's Final Order in Case No. PUE-2006-00126 to submit a "class cost of service study" in this case;

[2] "UI" is a reference to Utilities, Inc., MPSC's parent corporation. The systems referenced are the JD Edwards Enterprise One ("JDE") financial and asset management system, and Oracle's Customer Care and Billing System ("CC&B").

[3] "Project Phoenix" is the name Utilities, Inc. gave to its project to replace its outdated information and technology systems.

10. The Company responded adequately to the Association's quality of service complaints;

11. The stipulated 10.4% ROE is reasonable;

12. The proposed water and sewer connection fees recommended in [the Hearing Examiner's] Report are reasonable and should be considered by the Commission;

13. The rates in the Stipulation, as modified [by the Hearing Examiner's Report], are just and reasonable, and should be adopted by the Commission;

14. The Stipulation, as modified [by the Hearing Examiner's Report], should be adopted by the Commission;

15. The Commission should . . . direct the Company to perform [and give specific requirements for] a fully allocated base-extra capacity COS study in its next rate case;

16. The Company should perform its fully allocated base-extra capacity COS study using the five customer classes recommended in [the Hearing Examiner's] Report; and

17. The Company provided fair notice to interested parties that the Company's water and sewer revenues might be different from those initially proposed in the Company's Application.[4]

On May 19, 2010, MPSC and the MPOA filed comments to the Hearing Examiner's Report. The MPOA's comments asserted that the stipulated rates, even with the Hearing Examiner's modifications to the monthly facilities charges, are unreasonable for not being based upon a proper cost of service study, for not satisfying the ratemaking criteria cited by the Staff, and for not continuing the practice of billing the monthly facilities charge of multi-occupant buildings upon the number of units in the building rather than the size of the building's meter. The Association supported the Hearing Examiner's recommendation that the Company perform a fully allocated base-extra COS study that includes five customer classes, but the MPOA also requested that the study include the number of units behind various meters in allocating costs. The MPOA considered the recommended 10.4% return on equity to be too high and suggested a level not greater than the current 10%. Finally, the MPOA asserted that the Hearing Examiner was incorrect in recommending that the increase to annual water revenues could exceed the $526,250 level that was contained in the public notice of this case.

The Company's comments generally did not oppose the Hearing Examiner's Report and the modifications he made to the Stipulation. Recognizing that rates can be structured in a number of ways to recover annual cost of service, the Company did not take exception to the Hearing Examiner's modification of the stipulated rate structure to create a commercial class of water customers who would pay a higher monthly base charge than would residential customers who used the same sized meters.

Similarly, the Company did not disagree with the Hearing Examiner's proposal to substantially increase connection charges. MPSC did point out, however, that these increased fees would not substantially impact future rates because there were only a few hundred lots to which they could be applied and because the developer, Great Eastern Development Corporation, had made a substantial contribution towards installation of the Company's new sewer treatment plant and had already received credit for connection fees on 2,250 lots.

MPSC agreed to a clarification of the Stipulation to specify that the Company's next rate case will include a fully allocated COS study that uses the base-extra method to allocate capacity costs. Concerning the Hearing Examiner's finding that the COS study should be performed using five classes of customers, the Company asserted that it would be inappropriate to decide in advance the number of customer classes to be created or which customers belong in each class. The Company urged that the outside consultant performing the COS study should be allowed latitude to use his or her professional judgment concerning these matters.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the findings in the Hearing Examiner's Report should be adopted, with the exceptions noted below; that the Stipulation, as modified in the Hearing Examiner's Report and herein, should be adopted; and that the Company's water and sewer rates as modified in the Hearing Examiner's Report and herein should be approved.

In his Report, the Hearing Examiner recommended several modifications to the Stipulation. First, the Hearing Examiner, noting that the Company does not currently separate costs by class, proposed alternative water base facilities charges, which he found to be fair and reasonable. He stated that these charges are an attempted move toward parity because it appears from the record that the Company's residential customers pay a disproportionate share of the water base facilities charges. However, the Hearing Examiner also noted that, to allocate fixed costs, the ultimate questions to be answered are: (i) how much additional plant, if any, MPSC had to construct to meet the commercial customers' increased demand, and (ii) how such additional cost, if any, should be allocated, and that these questions cannot be answered until the Company performs a fully allocated base-extra capacity method COS study.

Since, as discussed below, we are directing MPSC to perform a fully allocated base-extra capacity COS study, and to perform this study using an outside consultant considering multiple customer classes, we will not adopt this recommendation of the Hearing Examiner. Any issues relating to cost sharing between classes of customers can be best addressed in the Company's next rate case where more complete information concerning issues such as cost, customer class designations, and demand will be available.

The Hearing Examiner also developed an alternative water and sewer connection fees schedule, with all rate classes having a water connection fee of $1,107 and a sewer connection fee of $1,057. Base connection fees varied by class. While we commend the Hearing Examiner for developing these alternative fees, we note that such one-time fees have minimal effects on the Company's recurring rates, since Great Eastern Development Corporation has prepaid 2,250 water and sewer connection fees, and only a few hundred lots remain. Accordingly, we do not adopt this modification to the Stipulation.

[4] Hearing Examiner's Report at 45-46.

In his Report, the Hearing Examiner found that the Commission should clarify the ambiguity in the Stipulation related to the COS study and direct the Company to perform a fully allocated base-extra capacity COS study in its next rate case.[5] We agree with the Hearing Examiner's suggested clarification.

The Hearing Examiner also recommended that the COS study be performed using five specific classes of customers and that the Company retain an outside consultant to perform the study. The Company suggested that it would retain a consultant who should be given a certain degree of discretion when identifying the customer classes and sub-classes to be studied. While the need for discretion when performing the COS study is a legitimate request, MPSC's consultant should, at minimum, consider the five classes identified by the Hearing Examiner in his Report.

The Hearing Examiner also found reasonable the charges related to MPSC's new customer service system. According to the evidence, the CC&B system includes modules related to customer management and customer service, meter reading, device management, billing, and accounts receivable and collections.[6] Given this new process for internally handling customer issues, and mindful of the requirement of § 56-247.1 C of the Code of Virginia ("Code") that every public utility must establish, and the Commission must approve, customer complaint procedures that ensure prompt and effective processing of customer inquiries, service requests and complaints, we find that MPSC should review its customer complaint procedure. MPSC should update and refile this procedure in light of the new CC&B system, and the Staff should review this procedure and should report to the Commission on the adequacy thereof. Further, we find that the service issues customers raised through public comments in this proceeding should be investigated by MPSC and that MPSC should report to the Commission Staff on the resolution of these issues.

In the MPOA's Comments and Exceptions to the Report of Michael D. Thomas, Hearing Examiner ("MPOA Comments"), the Association argued that the amount of increase allocated to the Company's water service could not exceed the amount stated in the public notice. The Hearing Examiner's Report is correct in stating that the amount of the revenue increase is limited by the total amount sought and that the water and sewer portions do not each impose a separate limit. The case cited by the MPOA, *Application of Virginia-American Water Company*,[7] does not alter this conclusion. That case involved a water company with three separate districts, with different customers in each district. The public notices in that case specifically indicated the maximum revenue increase sought in each system.[8]

The public notice in the instant case specifically identified the total revenue request and, further, explained as follows: "While the total revenue that may be approved by the Commission is limited to the amount produced by the Company's proposed rates, PLEASE TAKE NOTICE that the individual rates and charges approved may be either higher or lower than those proposed by the Company." In this case, the Hearing Examiner was correct in adopting a total revenue increase that did not exceed the total stated in the public notice.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the April 28, 2010 Report of the Hearing Examiner, with the exceptions noted above, are hereby adopted and the terms and conditions of the Stipulation between the Company and the Staff, as modified in the Hearing Examiner's Report and herein, are adopted and incorporated herein.

(2) MPSC is hereby directed to retain an outside consultant to perform a fully allocated base-extra capacity COS study in its next rate case, and such study shall, at minimum, consider the five specific classes of customers identified by the Hearing Examiner in his Report.

(3) MPSC shall be granted an annual water revenue increase of $550,887 and an annual wastewater revenue increase of $330,279, for a total annual revenue increase of $881,166.

(4) MPSC shall, within ninety (90) days of the date of this Final Order, file with the Commission's Division of Energy Regulation a detailed report of the resolution and actions taken with regard to customer service complaints filed as part of this proceeding.

(5) MPSC shall, within thirty (30) days from the date of this Final Order, file revised tariffs and terms and conditions of service, and its revised customer complaint procedure, with the Commission's Division of Energy Regulation, in accordance with this Final Order.

(6) The Commission's Division of Energy Regulation shall review and report to the Commission on the adequacy of MPSC's customer complaint procedure within sixty (60) days from the date of this Final Order.

(7) The Company shall use the rates and charges prescribed in Ordering Paragraph (3) to recalculate all bills rendered, which were calculated using, in whole or in part, the rates and charges which took effect on February 1, 2010. Where application of the rates prescribed by this Final Order results in a reduced bill, the difference in all bills shall be refunded with interest on or before December 1, 2010, as directed in the ordering paragraphs below.

(8) The refunds with interest directed in Ordering Paragraph (7) for current customers may be made by a credit to the customers' accounts and shown on bills. The bills shall show the refund as a separate item or items. For former customers, refunds with interest that exceed $1.00 shall be made by check mailed to the last known address of such customers. No setoff shall be permitted against any disputed portion of an outstanding balance.

(9) The Company shall maintain a record of former customers due a refund of $1.00 or less and shall promptly make the refund by check upon request. For any funds not paid or claimed, the Company shall comply with § 55-210.6:2 of the Code of Virginia.

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[5] *Id.* at 43.

[6] *Id.* at 37.

[7] *Application of Virginia American Water Company, For a general increase in rates*, Case No. PUE-2002-00375, Report of Alexander F. Skirpan, Jr., Hearing Examiner (May 14, 2003).

[8] *Application of Virginia American Water Company, For a general increase in rates*, Case No. PUE-2002-00375, 2002 S.C.C. Ann. Rept. 574, Order for Notice and Hearing (July 18, 2002).

(10) The refund amounts calculated as directed in Ordering Paragraph (7) shall bear interest at a rate for each calendar quarter, which shall be the arithmetic mean, to the nearest one-hundredth of one percent of the "Bank prime loan" values published in 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 payments were due as shown on bills to the date of the bill showing the credit to current customers or the date of the refund check mailed to former customers.

(11) On or before January 1, 2011, the Company shall submit to the Divisions of Public Utility Accounting and Energy Regulation a report showing that all refunds have been made pursuant to this Final Order and listing the expenses of refunding and the accounts charged. The Company shall not recover the interest paid or the expenses incurred in making such refunds from water and sewer rates and charges subject to the Commission's jurisdiction.

(12) This matter is continued for further order of the Commission.

CASE NO. PUE-2009-00043
JANUARY 27, 2010

APPLICATION OF
PATH ALLEGHENY VIRGINIA TRANSMISSION CORPORATION

For certificates of public convenience and necessity to construct facilities: 765 kV Transmission Line through Loudoun, Frederick, and Clarke Counties

ORDER GRANTING WITHDRAWAL

On May 19, 2009, PATH Allegheny Virginia Transmission Corporation ("PATH," "PATH-VA," or "Applicant") filed an application ("Application") with the State Corporation Commission ("Commission") for approval and certification of electric transmission facilities pursuant to § 56-46.1 of the Code of Virginia ("Code") and the Utility Facilities Act (§ 56-265.1 *et seq.* of the Code). In its Application, PATH requests authority to build the Virginia portion of a proposed 765 kV transmission line from the existing Amos Substation in Putnam County, West Virginia, to the proposed Kemptown Substation in Frederick County, Maryland ("PATH Project"). The Virginia segments of the PATH Project consist of two non-contiguous segments totaling approximately 31 miles and crossing portions of Frederick, Clarke, and Loudoun Counties.

On June 12, 2009, the Commission issued an Order for Notice and Hearing that directed public notice of the Application, established a procedural schedule, and appointed a Hearing Examiner to conduct further proceedings.

On December 4, 2009, Senior Hearing Examiner Alexander F. Skirpan, Jr., issued a ruling that directed PATH to produce additional updated load flow analyses ("December 4th Ruling").

On December 21, 2009, PATH filed a Motion to Withdraw Application and Terminate Proceeding. On December 29, 2009, PATH filed an Amendment to Motion to Withdraw Application and Terminate Proceeding ("Amended Motion to Withdraw"), in which PATH stated as follows:

> On December 4, 2009, the Hearing Examiner requested that PATH-VA supplement the record in this proceeding with the results of additional load flow analyses. [PJM Interconnection, LLC ('PJM')] has diligently pursued these sensitivity analyses, as requested by the Hearing Examiner. These sensitivity analyses, particularly Scenarios 3 and 4, include updated changes in generation projects with signed Interconnection Service Agreements, anticipated demand response and new energy efficiency resources that cleared the May 2009 [Reliability Pricing Model ('RPM')] auction, and the 2009 load forecast (Scenario 3) and the recently released preliminary updated 2010 load forecast (Scenario 4). Although not fully completed, PJM's work has progressed to a point where, under Scenarios 3 and 4, the analysis indicates that the PATH Project would not be needed to resolve [North American Electric Reliability Corporation] reliability violations in 2014, as identified in the pending [A]pplication.[1]

PATH further stated that "[t]hese new developments raise questions about the ability of PATH-VA to support the Application now on file with the Commission that is based on a need for the PATH Project in 2014," and that "[i]n light of PJM's current analyses, approval of the PATH Project will not be pursued through the currently filed Application."[2]

On December 30, 2009, the Senior Hearing Examiner received oral argument on PATH's Amended Motion to Withdraw.

On January 6, 2010, the Senior Hearing Examiner entered a Report that explained the procedural history of this case and made certain findings and recommendations ("Senior Hearing Examiner's Report"). Specifically, the Senior Hearing Examiner made the following findings:

(1) PATH's Amended Motion to Withdraw should be granted;

(2) Any future application for the PATH Project must be based on PJM's 2010 or later [Regional Transmission Expansion Plan];

[1] Amended Motion to Withdraw at 2.

[2] *Id.* at 3.

(3) Any future application for the PATH Project should contain the updated load flow analysis filed on January 4, 2010, as directed by the December 4th Ruling and an analysis of changes in circumstances, including changes in generation, demand response and energy efficiency resources;

(4) Any future application for the PATH Project should provide information on the PATH Project's original routes, consistent with other proposed and alternative routes;

(5) The Protective Ruling in this proceeding should be amended as provided [in the Senior Hearing Examiner's Report]; and

(6) The Commission lacks the authority to award any of the requested sanctions, attorneys fees or costs associated with participating in this proceeding.[3]

On January 13, 2010, the following parties filed comments on the Senior Hearing Examiner's Report: PATH; Board of Supervisors of Frederick County, Virginia ("Frederick County Board"); Sierra Club; Piedmont Environmental Council; River's Edge Community Association, Inc. ("River's Edge"); Alfred T. Ghiorzi, Irene A. Ghiorzi, and Theresa Ghiorzi (collectively, "Ghiorzi"); Robert N. Meiser and Hala A. Meiser (collectively, "Meiser"); Charles R. Rodriguez; and James K. Crowley, Beatriz Ribeiro da Luz, and Pamela L. Baldwin (collectively, "Crowley").

NOW THE COMMISSION, having considered the Senior Hearing Examiner's Report, the pleadings, and the record developed in this matter, is of the opinion and finds that this case shall be dismissed as set forth in this Order Granting Withdrawal.

As a result of the updated load flow analyses produced by PJM in accordance with the Senior Hearing Examiner's December 4th Ruling,[4] PATH has withdrawn its support for its own Application. As represented by PATH's counsel:

> [PATH] no longer supports the Application on file with the Commission that is based on a need for . . . the PATH Project in 2014.
>
> [T]he studies appear not to support a 2014 need date for the PATH Project.
>
> [T]he Applicant and PJM will not testify in support of that [2014] date.
>
> [T]he Applicant cannot testify in favor of the Application that's now on file with the Commission.
>
> [T]here's no need for PATH in 2014.[5]

In addition, PATH asserted that if its Application is withdrawn, as permitted in this Order Granting Withdrawal, the Federal Energy Regulatory Commission ("FERC") will not have jurisdiction to permit the PATH Project under § 216(b)(1)(c) of the Federal Power Act.[6] Accordingly, PATH committed that it will not request such action by FERC.[7] We herein rely upon PATH's representations on this matter.

We also direct that, in addition to the other requirements attendant to a transmission line application, any future application related to the PATH Project include information regarding:

- PJM's 2010 or later RTEP, and PJM's 2010 or later RPM auction;
- the updated load flow analyses filed on January 4, 2010 pursuant to the December 4th Ruling;
- an analysis of changes in circumstances, including changes in generation, demand response, and energy efficiency resources; and
- the PATH Project's original routes (including routes that do not impact Virginia), consistent with the information provided regarding other proposed and alternative routes.

For purposes of assisting participants in the event that a subsequent application is filed related to the PATH Project, we adopt the Senior Hearing Examiner's recommendation to modify Paragraphs (5) and (18) of the Protective Ruling as follows:

> (5) All Confidential Information filed or produced by a party shall be used solely for the purpose of this proceeding (including any appeals) and, by leave of the Commission, in any future, related application for the

[3] Senior Hearing Examiner's Report at 20-21.

[4] *See* PATH's January 4, 2010 Response to December 4th Ruling; Amended Motion to Withdraw at 2-3 (Herling letter dated Dec. 28, 2009).

[5] Gary, Tr. 10-12, 78 (Dec. 30, 2009).

[6] Gary, Tr. 77-78 (Dec. 30, 2009) ("No one is going to FERC on this application. Our affirmative statements that there's no need for PATH in 2014 would certainly suggest there's no authority to go to FERC for a construction permit for 2014, or at this point any other year."); *see also id.* at 78 ("HEARING EXAMINER: Is it your position that you would not have the authority to go to FERC if, if it was withdrawn? MR. GARY: Yes.").

[7] *See also* Amended Motion to Withdraw at 3 n.3 ("If withdrawal is granted, PATH-VA, as a result of such withdrawal, will not request action by the FERC as to a construction permit for the PATH Project in Virginia pursuant to Section 216(b)(1)(c) of the Federal Power Act.").

> PATH Project. Any use of such Confidential Information at a hearing shall be governed by the notice requirements contained in Paragraph 15(a) [of the Protective Ruling].
>
> (18) One year from the conclusion of this proceeding ([*i.e.*, Case No. PUE-2009-00043,]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. 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.[8]

Next, we find that neither a factual nor legal basis has been established requiring the Commission to grant any outstanding requests or motions for sanctions, attorneys fees, or other costs associated with participating in this proceeding.[9] We also reject any outstanding requests for further discovery responses in this proceeding, which is hereby dismissed as of the date of this Order Granting Withdrawal.[10]

Finally, we find that neither a factual nor legal basis has been established requiring the Commission to grant any outstanding requests or motions to institute new rules or procedures for screening transmission line applications.[11]

Accordingly, IT IS HEREBY ORDERED THAT this case is dismissed as set forth in this Order Granting Withdrawal.

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[8] Senior Hearing Examiner's Report at 19-20. We deny the Frederick County Board's request to extend the time period in Paragraph 18 beyond one year. Frederick County Board's Jan. 13, 2010 Comments at 2.

[9] *See, e.g.,* Ghiorzi's Jan. 13. 2010 Comments at 21; River's Edge's Jan. 13. 2010 Comments at 7-9; Alfred T. and Irene A. Ghiorzi's Dec. 28, 2009 Motion for Reimbursement of Expert Witness Fees Incurred in Responding to PATH-VA's Second Set of Interrogatories and Request for Production of Documents.

[10] *See, e.g.,* River's Edge's Jan. 13. 2010 Comments at 6-7.

[11] *See, e.g.,* Crowley's Jan. 13, 2010 Comments at 3; Meiser's Jan. 13, 2010 Comments at 6-8; Meiser's Jan. 13, 2010 Motion to Institute a Proposed Rule Making Proceeding. In addition to the Commission's current guidelines for transmission line applications, the statutory standards for a transmission line application include §§ 56-56-265.2 A, 56-259 C, and 56-46.1 A-D of the Code.

CASE NO. PUE-2009-00043
FEBRUARY 17, 2010

APPLICATION OF
PATH ALLEGHENY VIRGINIA TRANSMISSION CORPORATION

> For certificates of public convenience and necessity to construct facilities: 765 kV Transmission Line through Loudoun, Frederick, and Clarke Counties

ORDER DENYING RECONSIDERATION

On May 19, 2009, PATH Allegheny Virginia Transmission Corporation ("PATH") filed an application ("Application") with the State Corporation Commission ("Commission") for approval and certification of electric transmission facilities pursuant to § 56-46.1 of the Code of Virginia ("Code") and the Utility Facilities Act (§ 56-265.1 *et seq*. of the Code). In its Application, PATH requested authority to build the Virginia portion of a proposed 765 kV transmission line from the existing Amos Substation in Putnam County, West Virginia, to the proposed Kemptown Substation in Frederick County, Maryland ("PATH Project"). The Virginia segments of the PATH Project consisted of two non-contiguous segments totaling approximately 31 miles and crossing portions of Frederick, Clarke, and Loudoun Counties.

On December 21, 2009, PATH filed a Motion to Withdraw Application and Terminate Proceeding. On December 29, 2009, PATH filed an Amendment to Motion to Withdraw Application and Terminate Proceeding.

On January 27, 2010, the Commission issued an Order Granting Withdrawal.

On February 16, 2010, Robert N. Meiser and Hala A. Meiser, respondents in this proceeding, filed a Petition for Reconsideration or Clarification of the Commission's Order Granting Withdrawal Filed January 27, 2010 ("Petition for Reconsideration or Clarification"), which states in part as follows:

> The Commission's Order [Granting Withdrawal] (a) fails to take advantage of opportunities for an orderly and fair determination of whether or not a hearing is necessary for a refiled application, or, if so, what kind of hearing, and (b) creates inefficiencies in judicial administration, especially if a hearing is found necessary in the refiled case.

Petition for Reconsideration or Clarification at 1.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Petition for Reconsideration or Clarification shall be denied.

Accordingly, IT IS HEREBY ORDERED THAT the Petition for Reconsideration or Clarification is denied.

CASE NO. PUE-2009-00046
JUNE 14, 2010

APPLICATION OF
THE POTOMAC EDISON COMPANY d/b/a ALLEGHENY POWER

For a 2009 Statutory Review of the Rates, Terms and Conditions for the Provision of Generation, Distribution and Transmission Services Pursuant to Section 56-585.1 A of the Code of Virginia

ORDER GRANTING MOTION TO DISMISS

Pursuant to § 56-585.1 A of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") was directed to initiate proceedings within the first six months of 2009 to review the rates, terms, and conditions for the provision of generation, distribution, and transmission services of each investor-owned incumbent electric utility. On February 24, 2009, the Commission issued an Order Scheduling Rate Proceedings, which, *inter alia*, ordered The Potomac Edison Company d/b/a Allegheny Power ("Allegheny Power" or "Company") to file its rate case application ("2009 Rate Case") on October 1, 2009.[1]

On June 2, 2009, Allegheny Power filed a Motion to Delay the Filing Date of the Rate Case Application ("Motion"). The Motion, in part, asked that the Commission delay the filing date of the Company's 2009 Rate Case application, scheduled for October 1, 2009, pending the outcome of a proceeding under the Utility Transfers Act, § 56-88 *et seq*. of the Code, and the Utility Facilities Act, § 56-265.1 *et seq*. of the Code, that Allegheny Power anticipated filing ("Asset Transfer Proceeding").

In support of its Motion, Allegheny Power stated that it entered into Asset Purchase Agreements on May 4, 2009, with two Virginia electric cooperatives, Rappahannock Electric Cooperative and Shenandoah Valley Electric Cooperative (collectively, "Cooperatives"), to transfer all of its distribution facilities located in its Virginia service territory to the Cooperatives. Allegheny Power asserted that if the transfer were to be approved by the Commission, Allegheny Power would no longer sell electric energy directly to retail customers in Virginia and would no longer be required to proceed with its 2009 Rate Case.

The Commission issued an Order on Motion on July 29, 2009, finding that Allegheny Power should be allowed to delay the filing of its 2009 Rate Case on the condition that the joint petition to initiate the Asset Transfer Proceeding was filed with the Commission on or before September 15, 2009. The Commission further stated that unless directed otherwise, Allegheny Power shall file its 2009 Rate Case application within thirty (30) days of the Commission's final order in the Asset Transfer Proceeding.

The joint petition commencing the Asset Transfer Proceeding was filed September 15, 2009, by Allegheny Power and the Cooperatives.[2] On May 14, 2010, the Commission issued its Order in the Asset Transfer Proceeding granting the joint petition subject to certain requirements, including the filing of a notice of acceptance by Allegheny Power and the Cooperatives of the Commission's conditions for approval.

On June 10, 2010, Allegheny Power filed its Motion to Dismiss in this proceeding noting that Allegheny Power and the Cooperatives filed their notice of acceptance of the Commission's conditions in the Asset Transfer Proceeding on May 17, 2010. The Motion to Dismiss also states that on June 1, 2010, Allegheny Power and the Cooperatives completed the transaction with the Cooperatives beginning to provide electric service to the former customers of Allegheny Power. In support of its Motion to Dismiss, Allegheny Power asserts that because it no longer generates, transmits, or distributes electric energy for use by retail customers within the Commonwealth, the Commission is not required to review its rates pursuant to § 56-585.1 of the Code. Accordingly, Allegheny Power requests that the Commission dismiss this proceeding. Allegheny Power represents that it is authorized to state that the Staff of the Commission does not oppose the granting of this Motion to Dismiss.

NOW THE COMMISSION, upon consideration of the matter, finds that Allegheny Power's Motion to Dismiss should be granted.

Accordingly, IT IS ORDERED THAT:

(1) The Motion to Dismiss filed by Allegheny Power shall be, and hereby is, granted.

(2) There being nothing further to come before the Commission in this proceeding, 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.

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[1] *Commonwealth of Virginia ex rel. State Corp. Comm'n, Ex parte: Establishing rate case filing schedule for Virginia's investor-owned electric utilities pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2009-00002, 2009 S.C.C. Ann. Rept. 371, Order Scheduling Rate Proceedings (Feb. 24, 2009).

[2] *See Joint Petition of Rappahannock Elec. Coop., Shenandoah Valley Elec. Coop., and The Potomac Edison Co. 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, Order for Notice and Hearing (Oct. 9, 2009).

CASE NO. PUE-2009-00049
JUNE 18, 2010

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval and certification of electric transmission facilities under Va. Code § 56-46.1 and the Utility Facilities Act, Va. Code § 56-265.1 *et seq*., Hayes-Yorktown 230 kV transmission line

FINAL ORDER

On July 1, 2009, Virginia Electric and Power Company ("Dominion Virginia Power" or "Company") filed with the State Corporation Commission ("Commission") an application for a certificate of public convenience and necessity to construct a 230 kV transmission line in York and Gloucester Counties ("Application"). Prepared testimony, exhibits, copies of correspondence, and other material were attached to the Application.

The Company proposes to build a new 230 kV transmission line approximately 8.0 miles long between the Yorktown Power Station and Hayes Substation. The proposed new 230 kV line will consist of approximately 4.2 miles of overhead line from the Company's existing Hayes Substation in Gloucester County to a new overhead-to-underground transition station ("Gaines Point Terminal Station"), located on the Gloucester County side of the York River at Gaines Point; the Gaines Point Terminal Station; and approximately 3.8 miles of underground line from Gaines Point Terminal Station under the York River to an existing 230 kV switchyard at the Yorktown Power Station in York County.

The Company indicates that the transmission line is needed to address reliability concerns beginning in the summer of 2012. In addition, the Company states that the proposed line is needed to provide continued reliable service in the Middle Peninsula area of Virginia, including Gloucester, Mathews, New Kent, King William, King and Queen, and Middlesex Counties.

On September 14, 2009, the Commission issued an Order for Notice and Hearing that docketed the Application as Case No. PUE-2009-00049; established a procedural schedule; scheduled a public hearing for February 9, 2010; and assigned the matter to a Hearing Examiner. Dominion Virginia Power was required to provide public notice by September 25, 2009, and proof of notice by October 23, 2009. Respondents were instructed to file direct testimony and exhibits by November 12, 2009. The Commission Staff ("Staff") was instructed to review the Application and file a Staff Report summarizing its investigation by December 1, 2009. The Company was allowed to respond to Staff's Report and any testimony from Respondents by December 22, 2009. The public was invited to provide written comments by February 2, 2010. By Order of the Chief Hearing Examiner, the deadlines for submission of the Staff Report and the Company's rebuttal testimony were extended to January 20, 2010, and February 3, 2010, respectively.

Section 56-46.1 of the Code of Virginia ("Code") requires the Commission to receive and to consider reports from state environmental agencies on the proposed facilities. On September 30, 2009, the Virginia Department of Environmental Quality ("DEQ") filed its coordinated environmental review of the Company's proposed transmission facilities ("DEQ Report"). In addition to any federal, state, or local laws or regulations, the DEQ made the following recommendations to mitigate the environmental impact of the proposed facilities:

- Follow the DEQ recommendations to avoid wetlands and streams, and minimize indirect and temporary impacts to wetlands.
- Reduce solid waste at the source, reuse it, and recycle it to the maximum extent practicable.
- Coordinate with the Department of Conservation and Recreation for updates to its Biotics database if a significant amount of time passes before the project is implemented.
- Coordinate with the Center for Conservation Biology to determine if any new bald eagle nests were detected during the 2009 surveys and to ensure protection of this listed species. If a new nest was documented within 0.25 mile (1,320 feet) of the project area, contact the Department of Game and Inland Fisheries ("DGIF") to facilitate further consultation regarding the new nest(s).
- Coordinate with DGIF, with respect to its recommendations to protect aquatic resources and wildlife species.
- Coordinate with the Department of Forestry ("DOF") with respect to recommendations to mitigate for potential adverse impacts to the Commonwealth's forest resources.
- Perform the necessary archaeological and architectural surveys, evaluate the direct and indirect effects of this project on identified significant historic resources, make reasonable efforts to avoid, minimize or mitigate any negative impacts to historic resources and verify with the Department of Historic Resources the scope and scale of these studies.
- Follow the principles and practices of pollution prevention to the maximum extent practicable.
- Limit the use of pesticides and herbicides to the extent practicable.

On January 20, 2010, the Commission Staff filed its Report wherein the Staff concluded that Dominion Virginia Power had reasonably demonstrated the need for the proposed project. Staff further concluded that the proposed routing is optimal but that the Commission should consider an alternate location for the Gaines Point Terminal Station, an alternate location that had not been publicly noticed. Finally, Staff noted that the Company's previous DOF-mandated forest loss mitigation, the open-ended mitigation associated with the Carson-Suffolk 500 kV transmission line in Southeastern Virginia for which no cost estimates were available at the time of Commission approval, ultimately cost the Company and its ratepayers $987,595. In this

case, Staff reported that the Company estimated mitigation costs to be approximately $61,000. Staff recommended the Commission approve the project and issue the certificate of public convenience and necessity.

The evidentiary hearing was held on February 9, 2010, before Chief Hearing Examiner Deborah V. Ellenberg. By agreement of counsel to Dominion Virginia Power and the Staff, prepared testimony and exhibits of the Staff, the DEQ, and the Company witnesses were offered for admission without cross-examination. The Chief Hearing Examiner admitted the documents into the record. Kenneth C. Strong appeared telephonically as a public witness. No respondents participated in the hearing, although Gloria Ward Peaks had filed a letter with the Commission seeking to participate as a respondent to ensure that the proposed route did not affect her father's land, which was held in trust.

On May 4, 2010, the Chief Hearing Examiner issued her report ("Chief Hearing Examiner's Report") setting forth the procedural history of the case, summarizing the record, analyzing the evidence and issues in this proceeding, and making the following findings and recommendations:

(1) The public convenience and necessity require construction of the project;

(2) The Company has demonstrated a need for the proposed facilities;

(3) The project will enhance the reliability of the Company's service;

(4) The project utilizes existing rights-of-way;

(5) The DEQ recommendations are necessary to minimize any adverse environmental impact of the proposed project with the requirement to mitigate for potential adverse impacts to forest resources capped at $61,000 unless the Company and DOF mutually agree additional expenditures are necessary for this project;

(6) The Company's proposal will then reasonably minimize any adverse impact of the scenic assets, historic districts, and environment of the area in which the project will be located; and

(7) The proposed project will have a positive impact on economic development in the area it will serve.

Dominion Virginia Power filed comments in response to the Chief Hearing Examiner's Report supporting the recommendations. The Commission received no other comments.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the public convenience and necessity require construction of the transmission line proposed in this proceeding, subject to the following findings and conditions:

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 "[i]t 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 (i) shall consider the effect of the proposed facility on economic development within the Commonwealth and (ii) shall consider any improvements in service reliability that may result from the construction of such facility.

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 also requires the Commission to consider existing rights-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."

Finally, House Bill 1319 ("HB 1319"), approved by the General Assembly in 2008, established a pilot program to place electrical transmission lines of 230 kV or less in whole or in part underground. Under HB 1319, the Commission is required to review applications submitted by public utilities for certificates of public convenience and necessity for the construction of electrical transmission lines of 230 kilovolts or less filed between the effective date of the act and July 1, 2012. To be qualified to be placed underground, a proposed project must meet the following three criteria:

1. An engineering analysis demonstrates that it is technically feasible to place the proposed line, in whole or in part, underground;

2. The estimated additional cost of placing the proposed line, in whole or in part, underground does not exceed 2.5 times the cost of placing the same line overhead, assuming accepted industry standards for undergrounding to ensure safety and reliability. If the public utility, the affected localities, and the [Commission] agree, a proposed underground line whose cost exceeds 2.5 times the cost of placing the line overhead may also be accepted into the pilot program; and

3. The governing body of each locality in which a portion of the proposed line will be placed underground indicates, by resolution, general community support for the line to be placed underground.[1]

Need

The Commission agrees with the Chief Hearing Examiner, and we find that the record establishes that the proposed transmission line is necessary to assure that the Company can continue to provide reliable service in the Middle Peninsula area of Virginia, including Gloucester, Mathews, New Kent, King William, King and Queen, and Middlesex Counties, consistent with mandatory North American Electric Reliability Corporation Reliability Standards for transmission facilities and the Company's planning criteria.[2] The Company introduced testimony and exhibits that established that the proposed transmission line is needed to address reliability concerns in the Middle Peninsula load area. The Staff recommended approval of the project.

Scenic Assets, Historic Districts, and Existing Rights-of-Way

The Commission adopts the Chief Hearing Examiner's finding that the proposed project will have minimal adverse impact on scenic assets, historic districts, and the environment.

The Commission also adopts the Chief Hearing Examiner's finding that the proposed transmission line will use existing rights-of-way to the maximum extent possible.

Economic Development and Service Reliability

The Chief Hearing Examiner noted that the proposed transmission line would have no adverse impact on economic development and will be subject to local taxation by Gloucester and York Counties. The Chief Hearing Examiner also concluded that the proposed project benefits economic development by assuring continued reliable bulk electric power delivery on the Middle Peninsula.[3] We accept the Chief Hearing Examiner's finding that the proposed transmission line will benefit economic development in the Middle Peninsula.

Environmental Impact

Under § 56-46.1 A and B of the Code, the Commission is required to consider the proposed transmission line'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 facility by state agencies concerned with environmental protection.

In order to assist the Commission with its review of the environmental impact of the proposed transmission line, the DEQ filed its DEQ Report on September 30, 2009, which included the specific findings and recommendations noted above.

The record developed at the hearing supports findings that the Company's proposed route reasonably minimizes adverse impact. The proposed transmission route is generally supported by Staff and the DEQ, although Staff also identified an alternate location for the Gaines Point Terminal Station. The record supports the setting of certain conditions on our approval of the transmission line, which will protect the environment. The Commission agrees that the listed DEQ recommendations should be conditions of the certificate, and we will impose as a condition of the certificate that the Company cooperate with all state and local agencies in implementing the recommendations identified by DEQ. We agree with the Chief Hearing Examiner that the Company's obligation to mitigate impacts on forest resources should be neither unlimited nor open-ended, but it should be capped at the Company's estimate of $61,000 unless the Company and DOF mutually agree that additional expenditures are appropriate.

HB 1319 Pilot Project

Although a portion of the proposed route is underground, including an underwater crossing of the York River, the Company did not apply for consideration of the proposed project as a HB 1319 underground pilot project, and the Chief Hearing Examiner found that the proposed project should not be considered as a HB 1319 underground pilot project.[4] We agree with the Chief Hearing Examiner.

Finally, in addition to the conditions set forth above, we will also condition approval of the project and the certificate of public convenience and necessity upon completion of the project within a specified period. We find that, as a condition of the certificate, the project must be in service within twenty-four (24) months of the date of this Final Order. Dominion Virginia Power may petition the Commission for an extension of this condition for good cause.

In conclusion, the Commission finds that the public convenience and necessity require Dominion Virginia Power to construct the proposed transmission line in Gloucester and York Counties. We further find that the proposed line route, with the conditions imposed on the certificate, reasonably minimizes the impact on the environment. We likewise adopt the finding of the Chief Hearing Examiner that the proposed transmission line will promote economic development and improve reliability of service.

[1] 2008 Va. Acts ch. 799.

[2] Chief Hearing Examiner's Report at 20-21.

[3] *Id*. at 25.

[4] *Id*. at 22.

Accordingly, IT IS ORDERED THAT:

(1) The Company is authorized to construct and operate the proposed 8.0 mile 230 kV Hayes-Yorktown transmission line on the route proposed in the Company's Application.

(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 the proposed transmission line is granted, as provided for herein, and subject to the requirements set forth in this Final Order.

(3) Pursuant to the Utility Facilities Act, Chapter 10.1 (§ 56-265.1 *et seq*.) of Title 56 of the Code, the Company is issued the following certificates of public convenience and necessity:

> Certificate No. ET-82e, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate presently constructed transmission lines and facilities in Gloucester County, all as shown on the detailed map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2009-00049; Certificate No. ET-82e cancels Certificate No. ET-82d issued to Virginia Electric and Power Company on December 8, 1977.
>
> Certificate No. ET-77k, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate presently constructed transmission lines and facilities in James City and York Counties, all as shown on the detailed map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2009-00049; Certificate No. ET-77k cancels Certificate No. ET-77j issued to Virginia Electric and Power Company on May 12, 1976.

(4) The Commission's Division of Energy Regulation shall forthwith provide the Company a copy of the certificates issued in Ordering Paragraph (3) above with the detailed map attached.

(5) The transmission line approved herein must be constructed and operational within twenty-four (24) months from the date of entry of this Final Order; 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 herein placed in the file for ended causes.

CASE NO. PUE-2009-00050
MARCH 10, 2010

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

> For approval and certification of electric transmission facilities under Va. Code § 56-46.1 and the Utility Facilities Act, Va. Code § 56-265.1 *et seq*., Remington CT-Gainesville 230 kV transmission line

FINAL ORDER

On June 15, 2009, Virginia Electric and Power Company ("Dominion Virginia Power" or "Company") filed with the State Corporation Commission ("Commission") an application for a certificate of public convenience and necessity to construct a 230 kV transmission line in Fauquier and Prince William Counties ("Application"). Prepared testimony, exhibits, copies of correspondence, and other material were attached to the Application.

The Company proposes to: (1) convert from operation at 115 kV to operation at 230 kV approximately 9.81 miles of the Company's existing 115 kV Remington CT-Independent Hill DP Line #183 in Fauquier County between Remington CT Substation and Bristerburg Junction, relocating this portion of Line #183 to new structures as part of the construction of the 500 kV Meadow Brook-Loudoun Line approved in Case No. PUE-2007-00031; (2) install and operate in Fauquier County and Prince William County a new 14.5 mile 230 kV transmission line between Bristerburg Junction and the Company's existing Gainesville Substation in Prince William County, to be located on structures constructed as part of the Meadow Brook-Loudoun Line and located within existing right-of-way or right-of-way to be acquired for the Meadow Brook-Loudoun Line; and (3) interconnect the Remington CT-Bristerburg Junction and Bristerburg Junction-Gainesville facilities to create a new 24.31 mile 230 kV Remington CT-Gainesville circuit.

The Company indicates that the transmission line is needed to address reliability concerns beginning in the summer of 2012. In addition, the Company states that the proposed line is needed to provide continued reliable service in the northern Virginia, Chancellor, Gordonsville, and Remington load areas.

On July 28, 2009, the Commission issued an Order for Notice and Hearing that docketed the Application as Case No. PUE-2009-00050; established a procedural schedule; scheduled a public hearing for December 15, 2009; and assigned the matter to a Hearing Examiner. Dominion Virginia Power was required to provide public notice by August 10, 2009, and proof of notice by August 31, 2009. Respondents were instructed to file direct testimony and exhibits by October 6, 2009. The Commission Staff was instructed to review the Application and file a Staff Report summarizing its investigation by November 4, 2009. The Company was allowed to respond to Staff's Report and any testimony from Respondents by November 24, 2009. The public was invited to provide written comments by December 8, 2009.

On September 4, 2009, Sue and Stanley Heflin, Ruther Allen Family LLC, Sullivan-Fauquier LLC, Saeid Asgharinia, and Mark Bredesen (collectively, "Property Owners"), by counsel, filed a Notice of Participation as Respondents.

On November 4, 2009, the Commission Staff filed its Report wherein the Staff concluded that Dominion Virginia Power had "reasonably demonstrated the public need for the proposed project" and that "the project best meets that need" and recommended the Commission approve the project and issue the certificate of public convenience and necessity.[1]

The evidentiary hearing was held on December 15, 2009, before Hearing Examiner Michael D. Thomas, wherein the Commission heard testimony from one Staff witness. By agreement of counsel to Dominion Virginia Power, the Property Owners, and the Staff, prepared testimony and exhibits of the Staff, the Virginia Department of Environmental Quality ("DEQ"), and additional Company witnesses were offered for admission without cross-examination. The Hearing Examiner admitted the documents into the record.

On January 21, 2010, the Hearing Examiner issued his Report ("Hearing Examiner's Report"), setting forth the procedural history of the case; summarizing the record; and analyzing the evidence and issues in this proceeding and made the following findings and recommendations:

> (1) The Company's proposed facilities are needed to meet the growing demand for electricity in northern Virginia, as well as in the Chancellor, Gordonsville, and Remington service areas;
>
> (2) The proposed facilities are needed to address [North American Reliability Corporation's] transmission reliability standards and enhance the operational capability and flexibility of the Remington and Marsh Run Generating Stations;
>
> (3) The proposed facilities are needed to support economic development in northern Virginia and the load areas of Chancellor, Gordonsville, and Remington;
>
> (4) The proposed facilities will have no adverse impact on scenic assets, historic districts, and the environment;
>
> (5) The ten DEQ recommendations are desirable or necessary to minimize adverse environmental impact associated with the proposed facilities;
>
> (6) The proposed facilities use existing rights-of-way to the maximum extent practicable;
>
> (7) There is no evidence that [the electric and magnetic fields] represents a hazard to human health, which finding is consistent with the Virginia Department of Health's report entitled "Monitoring of Ongoing Research on the Health Effects of High Voltage Transmission Lines (Final Report)" dated October 31, 2000;
>
> (8) The proposed facilities should not be considered as an underground pilot project under HB 1319; and
>
> (9) A certificate of public convenience and necessity should be issued for the Company to construct and operate the proposed facilities.

Dominion Virginia Power filed comments in response to the Hearing Examiner's Report supporting the recommendations. The Commission received no other comments.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the public convenience and necessity require construction of the transmission line proposed in this proceeding, subject to the following findings and conditions:

Approval

The statutory scheme governing the Company's Application is found in several chapters of Title 56 of the Code of Virginia ("Code"). Section 56-265.2 A of the Code provides that "[i]t 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 (i) shall consider the effect of the proposed facility on economic development within the Commonwealth and (ii) shall consider any improvements in service reliability that may result from the construction of such facility.

[1] Staff Report at 16.

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 also requires the Commission to consider existing rights-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."

Finally, House Bill 1319 ("HB 1319"), approved by the General Assembly in 2008, established a pilot program to place electrical transmission lines of 230 kV or less, in whole or in part, underground. Under HB 1319, the Commission is required to review applications submitted by public utilities for certificates of public convenience and necessity for the construction of electrical transmission lines of 230 kV or less filed between the effective date of the act and July 1, 2012. To be qualified to be placed underground, a proposed project must meet the following three criteria:

1. An engineering analysis demonstrates that it is technically feasible to place the proposed line, in whole or in part, underground;

2. The estimated additional cost of placing the proposed line, in whole or in part, underground does not exceed 2.5 times the cost of placing the same line overhead, assuming accepted industry standards for undergrounding to ensure safety and reliability. If the public utility, the affected localities, and the State Corporation Commission agree, a proposed underground line whose cost exceeds 2.5 times the cost of placing the line overhead may also be accepted into the pilot program; and

3. The governing body of each locality in which a portion of the proposed line will be placed underground indicates, by resolution, general community support for the line to be placed underground.[2]

Need

The Commission agrees with the Hearing Examiner, and we find that the record establishes that the proposed transmission line is needed to meet the growing demand for electricity in northern Virginia; improve the reliability of the Company's Remington and Marsh Run Generating Stations; and support continued economic development in northern Virginia and the load areas of Chancellor, Gordonsville, and Remington.[3] The Company introduced testimony and exhibits that established that the proposed transmission line is needed to address reliability concerns in the northern Virginia, Chancellor, Gordonsville, and Remington load areas. The Staff recommended approval of the project.

Economic Development and Service Reliability

The Hearing Examiner noted that the proposed transmission line is designed to support commercial and industrial load growth occurring in northern Virginia. In particular, the proposed transmission line would improve the operating efficiency of the Remington and Marsh Run Generating Stations. We accept the Hearing Examiner's finding that the proposed transmission line is needed to meet the growing demand for electricity in northern Virginia and that the proposed transmission line is needed to support continued economic development in northern Virginia and the load areas of Chancellor, Gordonsville, and Remington.

Scenic Assets, Historic Districts, and Existing Rights-of-Way

The Commission agrees with the Hearing Examiner and finds that the proposed project will have no adverse impact on scenic assets, historic districts, and the environment.[4]

The Commission also agrees with the Hearing Examiner's finding that the proposed transmission line will use existing rights-of-way to the maximum extent possible.

Environmental Impact

Under § 56-46.1 A and B of the Code, the Commission is required to consider the proposed transmission line'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 facility by state agencies concerned with environmental protection.

In order to assist the Commission with its review of the environmental impact of the proposed transmission line, the DEQ filed its coordinated environmental review on September 3, 2009 ("DEQ Report"). The specific recommendations are summarized in the DEQ Report as follows:

- Reduce solid waste at the source, reuse it, and recycle it to the maximum extent.
- Coordinate this project with the Department of Conservation and Recreation concerning recommendations of that Department with respect to the protection of natural heritage resources and rare plant species.
- Coordinate with the Department of Conservation and Recreation for updates to their Biotics database if a significant amount of time passes before the project is implemented.

[2] 2008 Va. Acts ch. 799.

[3] Hearing Examiner's Report at 11.

[4] *Id.*

- Continue to coordinate with the Department of Game and Inland Fisheries with respect to impacts to wildlife and protected species under its jurisdiction previously identified during the review of Line # 535.
- Conduct any additional archaeological surveys for areas of land disturbance not considered as part of the Meadow Brook-Loudoun project.
- Coordinate permits and road and transportation impacts with the affected counties and the appropriate Virginia Department of Transportation District ("VDOT") offices.
- Coordinate with the Federal Aviation Administration to ensure compliance with Federal Aviation Regulations.
- Coordinate with the Virginia Department of Health if tower footers are located near wells.
- Employ best management practices at the project sites including erosion and sediment control measures as well as spill prevention, controls, and countermeasures.
- Follow the principles and practices of pollution prevention to the maximum extent.

The record developed at the hearing supports findings that the Company's proposed route reasonably minimizes adverse impact. The proposed transmission route is recommended by Staff and the DEQ. The record supports the setting of certain conditions on our approval of the transmission line, which will protect the environment. The Commission agrees that the listed recommendations should be conditions of the certificate, and we will impose as a condition of the certificate that the Company cooperate with all state and local agencies in implementing the recommendations identified by the DEQ.

HB 1319 Pilot Project

The Company did not apply for consideration of the proposed project as a HB 1319 underground pilot project, and the Hearing Examiner found that the proposed project should not be considered as a HB 1319 underground pilot project, and we agree with the Hearing Examiner.

Finally, in addition to the conditions set forth above, we will also condition approval of the project and the certificate of public convenience and necessity upon completion of the project within a specified period. Although the Company estimates that the project will take six to eight months of actual construction time to complete, it requested that it be given twenty-four (24) months from the date of entry of the final order in this matter. Accordingly, we find that, as a condition of the certificate, the project must be in service within twenty-four (24) months of the date of this Order. Dominion Virginia Power may petition the Commission for an extension of this condition for good cause.

In conclusion, the Commission finds that the public convenience and necessity require Dominion Virginia Power to construct the proposed transmission line in Fauquier and Prince William Counties. We further find that the proposed line route, with the conditions imposed on the certificate, reasonably minimizes impact on the environment. We likewise adopt the finding of the Hearing Examiner that the proposed transmission line will promote economic development and improve reliability of service.

Accordingly, IT IS ORDERED THAT:

(1) The Company is authorized to construct and operate the proposed 24.31 mile 230 kV Remington CT-Gainesville circuit on the route proposed in the Company's Application.

(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 the proposed transmission line is granted, as provided for herein, and subject to the requirements set forth in this Final Order.

(3) Pursuant to the Utility Facilities Act, Chapter 10. 1 (§ 56-265.1 *et seq.*) of Title 56 of the Code, the Company is issued the following certificates of public convenience and necessity:

> Certificate No. 80o, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate presently constructed transmission lines and facilities in Fauquier County, all as shown on the detailed map attached to the Certificate, and to construct and operate facilities as authorized in Case No. PUE-2009-00050; Certificate No. 80o cancels Certificate No. 80n issued to Virginia Electric and Power Company on October 7, 2008, in Case No. PUE-2007-00031.
>
> Certificate No. 105y, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate presently constructed transmission lines and facilities in Prince William County, all as shown on the detailed map attached to the Certificate, and to construct and operate facilities as authorized in Case No. PUE-2009-00050; Certificate No. 105y cancels Certificate No. 105x issued to Virginia Electric and Power Company on October 7, 2008, in Case No. PUE-2007-00031.

(4) The Commission's Division of Energy Regulation shall forthwith provide the Company copies of the certificates issued in Ordering Paragraph (3) above with the detailed map attached.

(5) The transmission line approved herein must be constructed and operational within twenty-four months from the date of entry of the date of this Final Order; 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 herein placed in the file for ended causes.

CASE NO. PUE-2009-00055
DECEMBER 2, 2010

PETITION OF
WAYNE L. DAVIS
v.
VIRGINIA ELECTRIC AND POWER COMPANY d/b/a DOMINION VIRGINIA POWER

For review of a dispute regarding meter location

FINAL ORDER

On June 17, 2009, Wayne L. Davis ("Petitioner") filed a complaint with the State Corporation Commission ("Commission"), requesting Dominion Virginia Power ("Dominion" or "Company") to restore electric service to his residence immediately and move his electric meter to the exterior of his residence. On June 22, 2009, the Petitioner filed an amended complaint and stated that his electrical service had been restored on June 19, 2009.

On July 13, 2009, Dominion, by counsel, filed a Motion to Dismiss Petition with Prejudice as Moot wherein it requested that the Commission dismiss the case with prejudice because the Petitioner's electric service had been restored.

On July 17, 2009, the Petitioner filed with the Commission a Motion to Amend Petition and a Motion to Quash. In the Motion to Amend Petition, the Petitioner stated that Dominion had not yet moved the meter; therefore, the case before the Commission was not moot and should not be dismissed. On August 4, 2009, the Petitioner filed a Motion to Amend Previous Briefs on Merits.

For several months, the parties engaged in settlement discussions, which were ultimately unsuccessful.

On January 21, 2010, the Commission issued its Order Docketing Case in which, among other things, the Commission directed the parties to file amended pleadings and appointed a Hearing Examiner to conduct all further proceedings in the matter.

On February 8, 2010, the Petitioner filed his Amended Petition ("Amended Petition") and Motion for Extension of Time to File Amended Complaint. In the Amended Petition, the Petitioner continued to press for Dominion to move its electric meter; maintained that the meter is readable by remote signal; contended that there have been no negotiations; and asserted "a case of abuse and mistreatment. . . ."[1]

On February 26, 2010, Dominion filed its response wherein it objected to the Petitioner's Amended Petition for failing to meet the requirements of Rule 5 VAC 5-20-100 B, which requires, among other things, a clear statement of the facts and the action sought.[2] Additionally, the Company asked the Commission to find that the Petitioner is responsible for the costs associated with any necessary relocation of the meter and any other necessary, related electrical work.[3]

By Hearing Examiner's Ruling dated March 3, 2010, oral argument of this matter was scheduled for March 29, 2010. The Petitioner made nine additional filings on March 15, 2010 ("Motions").

On March 29, 2010, oral arguments were held before Senior Hearing Examiner Alexander F. Skirpan, Jr., as scheduled. Scott G. Crowley, Esquire, appeared on behalf of the Petitioner. Thomas C. Walker, Jr., Esquire, appeared on behalf of Dominion. Mary Beth Adams, Esquire, appeared on behalf of Commission Staff.

Counsel for both the Petitioner and Dominion were able to stipulate to all of the facts of this proceeding with the exception of when the meter was enclosed in the porch.[4] The Hearing Examiner determined that most of the Petitioner's Motions appeared to be designed to develop a record of the Petitioner's usage of electricity at his residence.[5] Since the complaint turned on Dominion's Terms and Conditions and all facts other than the date of the porch enclosure were stipulated, the Hearing Examiner found that the information sought in the Motions lacked relevance. Therefore, he denied the Motions.[6]

The Petitioner, through counsel, asserted that the meter did not need to be moved, but if it was moved it should not be done at his expense.[7] Dominion maintained that the meter must be moved "for safety reasons and to enable the Company to have access to its equipment."[8] Additionally, Dominion contended that the Petitioner should be responsible for the costs associated with moving the meter.[9]

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[1] Hearing Examiner's Report at 1-2; Amended Petition at 6.

[2] Response at 2.

[3] *Id.* at 9; Hearing Examiner's Report at 2.

[4] Hearing Examiner's Report at 3; Crowley, Tr. at 8; Walker, Tr. at 8, 10.

[5] Hearing Examiner's Report at 3.

[6] Hearing Examiner's Report at 3; Tr. at 26.

[7] Hearing Examiner's Report at 3; Tr. at 12-13.

[8] Hearing Examiner's Report at 3; Tr. at 16.

[9] *Id.*

In support of the Company's argument that the meter must be moved, counsel for Dominion referred to the language in § V B of Dominion's Terms and Conditions, which states in pertinent part:

> [t]he Customer shall provide suitable space for the installation of the necessary metering apparatus; such space shall be. . .[a]n outside location for all residential services unless otherwise approved by the Company. . .[u]nobstructed, readily accessible and, safe and convenient for reading, testing and servicing by the Company. . . .[10]

The Petitioner contended that, by providing reasonable access at reasonable times, he has complied with § XV of Dominion's Terms and Conditions, which states that "[t]he Company shall have the right of access to the Customer's premises at all reasonable times for the purpose of reading meters of the Company and of removing its property, and for any other proper purpose. . . ."[11]

With regard to determining which party should be responsible for paying the costs associated with moving the meter, Dominion could not cite to specific language in the Company's Terms and Conditions that explicitly placed the financial responsibility on either the Company or the property owner.[12] The Petitioner argued that the language in Dominion's Terms and Conditions implies that the meter belongs to the Company and supports Dominion paying for the cost associated with relocating the meter.[13] The Petitioner stated that he would be willing to pay the costs associated with moving the wiring inside the residence if the meter is moved.[14]

On May 11, 2010, the Report of Alexander F. Skirpan, Jr., Senior Hearing Examiner ("Hearing Examiner's Report" or "Report") was issued. In his Report, the Hearing Examiner summarized the record, made findings, and recommended that the Commission enter an order adopting his findings and dismissing this case from the docket of active matters. With regard to the location of the meter, the Hearing Examiner found that the Company's Terms and Conditions grant Dominion the right to determine the location of the meter.[15] The Hearing Examiner also found that "the plain language of Dominion's Terms and Conditions assigns the responsibility for the installation of Company-owned meters and equipment to the Company and assigns the responsibility for wiring and equipment owned by the customer to the customer."[16] Next, the Hearing Examiner found that "based on Dominion's Terms and Conditions, if Dominion determines that the Petitioner's meter should be moved, the responsibility and cost of moving the meter should be borne by the Company."[17] Finally, the Hearing Examiner found that "if Dominion determines that the Petitioner's meter should be moved, the Petitioner must bear the cost of any additional wiring or re-wiring on the customer's side of the relocated meter."[18]

Dominion filed comments ("Comments") on the Hearing Examiner's Report that, among other things: (a) "request[ed] that the Commission not adopt the Examiner's finding and recommendation concerning the Company's responsibility and assignment of cost for the meter relocation;" and (b) "if the Commission adopts the Examiner's finding and recommendation, . . . request[ed] that the Commission's final order be expressly limited to the facts and circumstances of the Company's dispute with Petitioner."[19] The Petitioner did not file comments on the Hearing Examiner's Report.

Based on the facts of this case, we find that: (1) the Petitioner shall pay for the relocation costs on the Petitioner's side of the meter; (2) Dominion shall pay for the relocation costs on Dominion's side of the meter; and (3) the findings herein are expressly limited to the facts and circumstances of the Company's dispute with the Petitioner.

Accordingly, IT IS ORDERED THAT:

(1) The Petitioner shall pay for the relocation costs on the Petitioner's side of the meter.

(2) Dominion shall pay for the relocation costs on Dominion's side of the meter.

(3) The findings herein are expressly limited to the facts and circumstances of the Company's dispute with the Petitioner.

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

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[10] Hearing Examiner's Report at 3-4; Tr. at 18.

[11] Hearing Examiner's Report at 3; Tr. at 22.

[12] Hearing Examiner's Report at 5; Tr. at 18.

[13] Tr. at 23.

[14] Hearing Examiner's Report at 6; Tr. at 24.

[15] Hearing Examiner's Report at 5.

[16] Hearing Examiner's Report at 7.

[17] *Id.*

[18] *Id.*

[19] Dominion's Comments at 8-9.

CASE NO. PUE-2009-00059
OCTOBER 29, 2010

APPLICATION OF
ALPHA WATER CORPORATION; AQUA VIRGINIA, INC. (LAKE MONTICELLO);
AQUA S/L, INC. (SHAWNEE LAND); AQUA UTILITY-VIRGINIA, INC. (LAKE SHAWNEE);
BLUE RIDGE UTILITY COMPANY; CAROLINE UTILITIES, INC.; EARLYSVILLE FOREST WATER COMPANY;
HERITAGE HOMES OF VIRGINIA, INC.; INDIAN RIVER WATER COMPANY; JAMES RIVER SERVICE CORPORATION;
AQUA LAKE HOLIDAY UTILITIES, INC.; LAND'OR UTILITY COMPANY, INC.;
MOUNTAINVIEW WATER COMPANY, INC.; POWHATAN WATER WORKS, INC.;
RAINBOW FOREST WATER CORPORATION; SYDNOR WATER CORPORATION;
AND
WATER DISTRIBUTORS, INC.

For an increase in water and sewer rates

ORDER

On July 15, 2009, Alpha Water Corporation; Aqua Virginia, Inc. (Lake Monticello); Aqua S/L, Inc. (Shawnee Land); Aqua Utility-Virginia, Inc. (Lake Shawnee); Blue Ridge Utility Company; Caroline Utilities, Inc.; Earlysville Forest Water Company; Heritage Homes of Virginia, Inc.; Indian River Water Company; James River Service Corporation; Aqua Lake Holiday Utilities, Inc.; Land'Or Utility Company, Inc.; Mountainview Water Company, Inc.; Powhatan Water Works, Inc.; Rainbow Forest Water Corporation; Sydnor Water Corporation; and Water Distributors, Inc. (hereafter collectively "Aqua Virginia" or "Company") filed a completed application with the State Corporation Commission ("Commission") for an increase in water and sewer rates. The application was filed pursuant to Chapter 10 of Title 56 of the Code of Virginia ("Code")[1] and the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings.[2] Exhibits and the pre-filed testimony of Gregory K. Odell; Stanley F. Szczygiel; Harold Walker, III; Paul R. Herbert; John J. Spanos; Thomas Geddis; and Daniel T. Franceski were included with the application.

In its application, Aqua Virginia requested authority to increase rates for most of its seventeen water systems and four sewer systems subject to the Commission's jurisdiction.[3] Increases in annual water revenues of $1,551,290 and in annual wastewater revenues of $1,730,244 were requested.[4] These amounts were based in part on an 11.5% common equity cost rate and an overall rate of return of 8.32%.[5] The Company stated that it is seeking a rate increase because of: (i) ongoing capital needs that must be met in order to maintain and enhance service to customers; (ii) continuing increases in costs and operating expenses; (iii) costs associated with compliance requirements for state and federal regulations; and (iv) deficient earned returns on rate base in 2008 of 3.31% for its water systems and 5.22% for its sewer systems.[6]

Aqua Virginia requested rate consolidation and uniform rates for its regulated utilities.[7] One fixed monthly base facility charge and one variable usage charge were proposed for the four sewer systems. One fixed monthly base facility charge and one variable usage charge were proposed for most of the seventeen water systems. The proposed fixed monthly base charge for each of the four sewer systems was $40.77, and the proposed variable usage charge was $12.19 per thousand gallons. For fifteen of the seventeen water systems, the proposed fixed monthly base facility charge was $20.77, and the proposed variable usage charge was $4.78 per thousand gallons.[8] For the Alpha Water Corporation system, Aqua Virginia proposed to maintain currently approved rates; the proposed fixed monthly base facility charge was therefore $25.00, and the proposed variable usage charge was $4.90 per thousand gallons. For the Earlysville Forest Water Company system, Aqua Virginia again proposed to maintain currently approved rates; the proposed fixed monthly base facility charge was thus $35.00, and the proposed variable usage charge was $5.00 per thousand gallons.[9]

Aqua Virginia also proposed eliminating the service availability fees that are currently collected from Aqua Virginia, Inc. (Lake Monticello); Aqua S/L, Inc. (Shawnee Land); Land'Or Utility Company, Inc.; and Aqua Lake Holiday Utilities, Inc. The Company proposed eliminating these fees because the "fees are extremely difficult to collect and as a result lead to a high percentage of aged accounts receivable, bad debt allowances and ultimately bad debt and excessive administrative expenses."[10]

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[1] Va. Code §§ 56-232 *et seq.*

[2] 20 VAC 5-201-10 *et seq.*

[3] Exhibit 27, Direct Testimony of Stanley Szczygiel at 4.

[4] *Id.*

[5] Exhibit 29, Direct Testimony of Harold Walker, III at 56-57.

[6] Exhibit 27, Direct Testimony of Stanley Szczygiel at 4.

[7] Exhibit 22, Direct Testimony of Gregory Odell at 7. Rate consolidation is the use of a unified rate structure for multiple water and wastewater service areas that are owned or operated by a single utility. Rate consolidation contains two separate but related concepts: a uniform tariff price for water and wastewater and a single cost of service, or revenue requirement, for water and wastewater. Under consolidated rates, customers pay a utility the same rate for similar service regardless of the physical location of the service area. *Id.* at 7-8.

[8] *See* Exhibit 11, Schedule 43.

[9] *Id.*

[10] Exhibit 33, Direct Testimony of Thomas Geddis at 2.

On August 6, 2009, the Commission issued an Order for Notice and Hearing in this proceeding. The Order for Notice and Hearing, among other things, appointed a Hearing Examiner to conduct further proceedings in the case; set the case for hearing; permitted the Company to implement its proposed rates on an interim basis, subject to refund with interest, on or after December 13, 2009; invited interested persons to comment on the application; invited any interested person to file a notice of participation to participate in the proceeding as a respondent; and set dates for respondents, the Commission Staff ("Staff") and the Company to file testimony or rebuttal testimony.

The Commission received an outpouring of public comments on Aqua Virginia's application. Approximately 3,400 comments have been filed in this proceeding. A large number of those comments were sent from customers currently served by Aqua Virginia, Inc. (Lake Monticello); Aqua Lake Holiday Utilities, Inc.; Land'Or Utility Company, Inc.; Mountainview Water Company, Inc.; Rainbow Forest Water Corporation; Water Distributors, Inc.; and the Blue Ridge Utility Company. Most customer comments opposed the size of the Company's proposed rate increase. Some customers stated that their current bills have already caused economic strain, especially for those who are retired, living on fixed incomes, or have recently lost their jobs, and that the strain has caused them to take drastic measures to reduce their water consumption. Other customers stated that continued rate increases of this magnitude would affect their ability to continue to live in the area and could affect their ability to sell or rent their homes. Still other customers noted that they had experienced problems with water quality or Aqua Virginia's customer service.[11]

Notices of participation were timely submitted by the Board of Supervisors of Frederick County, Virginia ("Frederick County"); the Lake Land'Or Property Owners Association, Inc. ("Lake Land'Or"); Caroline County, Virginia ("Caroline County"); the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"); and Lake Holiday Country Club, Inc. ("Lake Holiday").

On December 17, 2009, Lake Holiday pre-filed the testimony of Joseph Marcus, Charles James, and Christopher Allison. Frederick County pre-filed the direct testimony of Harvey E. Strawsnyder on December 18, 2009. Frederick County also noted in its pre-filed testimony that it reserved the right to adopt any and all portions of the testimony of Joseph Marcus, Charles James, and Christopher Allison during the hearing in this proceeding. Also on December 18, 2009, Consumer Counsel filed the testimony of Glenn A. Watkins, and Lake Land'Or pre-filed the testimony of D. Wayne Trimble and Bonnie Kilgore-Leiss. On January 27, 2010, Staff pre-filed the testimony of Scott C. Armstrong; Marc A. Tufaro; John R. Ballsrud; and Michael W. Gleason, and on February 22, 2010, Staff witnesses Scott Armstrong and John Ballsrud filed supplemental testimony. Finally, the Company filed the rebuttal testimony of Gregory Odell; Stanley Szczygiel; Harold Walker, III; David P. Smeltzer; Thomas Geddis; and Daniel Franceski on February 12, 2010.

Beginning February 24, 2010, a public hearing was held before the Hearing Examiner assigned to this case. Twenty public witnesses submitted testimony in the proceeding, and counsel for Aqua Virginia, Consumer Counsel, Frederick County, Lake Land'Or, Caroline County, and the Staff appeared.[12] Gregory Odell, Stanley Szczygiel, Harold Walker, III, David Smeltzer, Thomas Geddis, and Daniel Franceski testified on behalf of the Company. D. Wayne Trimble and Bonnie Kilgore-Leiss testified on behalf of Lake Land'Or, and Glenn Watkins testified on behalf of Consumer Counsel. On behalf of the Staff, testimony from Scott Armstrong; Marc Tufaro; John Ballsrud; and Michael Gleason was received.

On September 7, 2010, Howard P. Anderson, Jr., Hearing Examiner, issued his report ("Report" or "Hearing Examiner's Report"). The Hearing Examiner made the following findings:

1. The use of a test year ending December 31, 2008, is proper in this proceeding;

2. The Company's test year operating revenues, after all adjustments, were $9,577,636;

3. The Company's test year net operating income, after all adjustments, was $490,351;

4. The Company's test year operating expenses, after all adjustments, were $7,951,947;

5. The Company's overall end of test period rate base, after all adjustments, is $39,136,037;

6. The adjustments agreed upon by Staff, the Company, and the parties are reasonable and should be adopted;

7. Aqua America's actual capital structure should be utilized to determine the overall cost of capital in this proceeding;

8. The stipulated rate of return on common equity of 10.70% and an overall cost of capital of 7.733% are reasonable and should be adopted;

9. Staff's acquisition adjustment and related recommendations are appropriate and should be adopted;

10. The availability fee should be retained;

11. The Company's connection fees should not be increased;

[11] Comments opposing the proposed rate increase were also received from many public officials representing the interests of Aqua Virginia's customers. For example, Botetourt Supervisor Billy Martin; Gerald Burgess, county administrator for Botetourt County; Senator Frank Ruff, representing the 15th Senatorial District; Delegate Lacey E. Putney of Bedford; and Delegate Bill Cleaveland of Roanoke all filed comments or petitions with the Commission opposing the proposed rate increase. Moreover, on October 7, 2010, the Botetourt County Board of Supervisors filed a resolution with the Clerk of the Commission expressing the Botetourt County Board of Supervisors' disagreement with the rate increases for Aqua Virginia's customers in Botetourt County recommended in the Hearing Examiner's Report.

[12] Among the public witnesses submitting testimony at the hearing were Delegate Lacey Putney; Billy Martin, member of the Botetourt County Board of Supervisors; Wayne Acors, member of the Caroline County Board of Supervisors, testifying on his own behalf; and customers of Aqua Virginia testifying on their own behalf.

12. The Company's proposed capacity fees should not be adopted. Any capacity fees currently built into the Company's tariff should remain as is;

13. The Company requires $2,218,547 in additional gross annual revenues;

14. The Company's rate design should be based on Exhibit No. 20;

15. The Company's proposed consolidation of its books and records on a system-wide basis should be approved;

16. The Company should be directed to file with the Division of Energy Regulation a detailed report of actions taken with regard to customer complaints, within six months of a Final Order in this case; and

17. The Company should be required to promptly refund, with interest, all revenues collected under its interim rates in excess of the amount found just and reasonable herein.

The Hearing Examiner recommended that the Commission enter an order adopting the findings contained in the Report, granting the Company an increase in gross annual revenues of $2,218,547, and directing the prompt refund of all amounts collected under the interim rates in excess of the rate increase found just and reasonable in the Report.[13]

The Hearing Examiner gave the parties and Staff fourteen days to file any comments to the Report. Comments were received from Lake Land'Or, Consumer Counsel, Staff, and the Company. Lake Land'Or objected to the 10.70% rate of return on common equity recommended by the Hearing Examiner and asked the Commission to adopt a rate of return on equity that was more consistent with previous rates of return set by the Commission for Aqua Virginia and other water companies. Consumer Counsel asked the Commission to adopt the rate design and fixed customer charges proposed by witness Glenn Watkins. Staff urged the Commission, with an exception to the Hearing Examiner's finding concerning insurance costs, to adopt the recommendations set forth in the Hearing Examiner's Report, and to also adopt a cost of equity range of 9.90% to 10.90%. Finally, the Company objected to several findings in the Report, including certain accounting adjustments and the Hearing Examiner's treatment of availability fees, and therefore urged the Commission to adopt the Hearing Examiner's findings in part, and to reject them in part.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows. The Commission adopts in part, and rejects in part, the findings and recommendations set forth in the Hearing Examiner's Report, as described below.

Rate of Return on Equity

First, the Commission rejects the recommendations set forth in the Hearing Examiner's Report concerning the rate of return on common equity. In its application, the Company requested a rate of return on equity of 11.5%, based on an overall weighted cost of capital of 8.32%.[14] Staff, in pre-filed testimony, based on an actual capital structure for Aqua Virginia's parent company as of September 30, 2009, and a cost of equity range of 9.90% to 10.90%, recommended a rate of return on common equity of 10.40%.[15] Use of the 10.40% midpoint resulted in an overall cost of capital of 7.598%.[16] During the hearing, Aqua Virginia and Staff agreed, for the purpose of settling certain issues in this proceeding only, to accept 10.70% as an appropriate rate of return on equity in this case.[17] Staff and the Company further agreed to accept, for future earnings tests, the cost of equity range of 9.90% to 10.90% set forth in Staff's pre-filed testimony.[18] No other participants in the proceeding, other than the Company and Staff, agreed to accept 10.70% as an appropriate rate of return on equity.[19]

The Hearing Examiner, in his Report, found that "the stipulated rate of return on common equity of 10.70% and an overall cost of capital of 7.733% is reasonable and should be adopted."[20] However, the Commission finds that establishing rates based on a cost of equity of 10.40% results in a fair and reasonable return on common equity. This return is supported by the pre-filed testimony and resulting recommendation of Staff witness Michael Gleason.[21] Mr. Gleason's proxy group for Aqua Virginia resulted in an equity range estimate of 9.90% to 10.90% for an average water distribution company.[22] We find that Mr. Gleason appropriately considered the results of his Discounted Cash Flow analysis, weighted against his risk premium

[13] Hearing Examiner's Report at 25-26.

[14] Exhibit 29, Direct Testimony of Harold Walker, III, at 2.

[15] *See* Exhibit 49, Direct Testimony of Michael Gleason at 2.

[16] Hearing Examiner's Report at 17.

[17] *See* Tr. at 449. Use of a 10.70% rate of return on equity would result in an overall cost of capital of 7.733%.

[18] *Id*. at 449-450.

[19] In fact, in its Comments on and Exceptions to the Hearing Examiner's Report by the Lake Land'Or Property Owners Association, Inc. ("Lake Land'Or Comments"), Lake Land'Or asked that the Commission reject the 10.70% rate of return on equity and adopt a rate of return on equity that is more consistent with the Company's current rate of return on equity and other rates of return on equity for regulated water companies in Virginia. Lake Land'Or Comments at 2-3. Lake Land'Or argued that the 10.70% rate of return on equity was a "full 70 basis points higher than the 10.0% approved for the Company only two years ago. . . ." *Id*. at 2.

[20] Hearing Examiner's Report at 17. The Hearing Examiner further noted that Staff had recommended a cost of equity range of 9.90% to 10.90% in pre-filed testimony, but the Hearing Examiner did not specifically set forth or recommend a cost of equity range in his Report.

[21] *See, e.g.,* Exhibit 49, Direct Testimony of Michael Gleason at 2.

analysis, in reaching this result and in recommending the midpoint of 10.40%.[23] We conclude that the midpoint of this range, with a corresponding overall cost of capital of 7.598%, results in a reasonable return on common equity. Based on the facts presented in this case, we do not find that it is necessary to establish rates based on a cost of equity above the midpoint of the range found reasonable herein.

Moreover, the Commission finds that, for future earnings tests, the cost of equity range of 9.90% to 10.90% set forth in Staff's pre-filed testimony is reasonable and should be adopted.

Revenue Requirement

Aqua Virginia, in its application, sought an increase in annual water revenues of $1,551,290 and an increase in annual wastewater revenues of $1,730,244.[24] These amounts were based, in part, on an 11.5% common equity cost rate and an overall rate of return of 8.32%[25] and resulted in a proposed combined revenue requirement of $3,281,534. In pre-filed testimony filed on January 27, 2010, Staff recommended an incremental revenue requirement for water of $728,652 and an incremental revenue requirement for wastewater of $1,168,367, for a total combined incremental revenue requirement of $1,897,019.[26] Staff, on February 22, 2010, filed a revised and updated revenue requirement, which made some changes and corrections to the revenue requirement filed on January 27, 2010.[27] After making these updates and corrections, Staff recommended a revenue requirement of $2,028,621 on a consolidated basis.[28]

As set out in his Report, the Hearing Examiner accepted many of the accounting adjustments recommended by Staff, concurred with Staff's allocation of administrative assets, utilized the actual capital structure of Aqua Virginia's parent company, and recommended a 10.70% rate of return on common equity. The Hearing Examiner found the Company's adjustment for insurance costs to be reasonable and therefore recommended that it be adopted.[29] Based on these findings, the Hearing Examiner found that Aqua Virginia required $2,218,547 in additional gross annual revenues.[30]

The Commission, like the Hearing Examiner, finds that Aqua Virginia requires some additional annual revenues as the Company has made significant capital improvements over the past several years in an attempt to improve customers' quality of service and ensure that the Company is providing reliable and safe drinking water and wastewater services that meet all local, state, and federal regulations.[31] For example, environmental compliance concerns with its three wastewater treatment plants, which predated Aqua Virginia's purchase of those plants, caused the Company to complete upgrades to those facilities in order to bring them into compliance with current regulations.[32] The Company has also improved its water systems by drilling necessary additional wells, adding storage and filters, and installing technology to monitor pump stations remotely and alert operators of power outages or operational issues.[33] Moreover, the Company stated, and no party contested, that Aqua Virginia has ongoing capital needs that must be met in order to maintain and enhance service to customers.[34]

However, notwithstanding the above, the Commission finds that the combined revenue requirement of $3,281,534 proposed in the Company's application is excessive. Instead, the Commission finds that the findings made by the Hearing Examiner concerning Staff's accounting adjustments, including the allocation of administrative assets, the findings concerning insurance costs allocable to Virginia systems, and the appropriate capital structure are reasonable and should be adopted. Further, the Commission finds that establishing rates based on a cost of equity of 10.40%, rather than 10.70%, results in a fair and reasonable return on common equity. Accordingly, the Commission finds that the Company requires $2,134,242 in additional annual combined revenues.

Rate Design

In its application, Aqua Virginia proposed to move toward a consolidated rate structure in an attempt to promote the benefits of economies of scale.[35] Staff and other participants in the case concurred that a consolidated rate design would provide a benefit to customers by reducing the cost of capital

[22] *Id.* at 4-18.

[23] *Id.*

[24] Exhibit 27, Direct Testimony of Stanley Szczygiel at 4.

[25] Exhibit 29, Direct Testimony of Harold Walker, III, at 56-57.

[26] Exhibit 41, Direct Testimony of Scott Armstrong at 66. This revenue requirement was based, in part, on a 10.40% rate of return on equity. *See id*. at Exhibit 1 – Water, and Exhibit 1 - Sewer.

[27] Exhibit 44.

[28] *Id*. at 3. Again, this revenue requirement was based in part on a 10.40% rate of return on equity.

[29] Hearing Examiner's Report at 10-17.

[30] *Id*. at 25.

[31] Exhibit 22, Direct Testimony of Gregory Odell at 3.

[32] *Id*. at 4-5.

[33] *Id*. at 5.

[34] Exhibit 27, Direct Testimony of Stanley Szczygiel at 4.

[35] *See id*. at 8-13.

projects by spreading those costs over a much larger customer base, though the participants also voiced concerns that moving to a consolidated rate structure too quickly could result in rate shock.[36] In an attempt to balance the benefits of movement toward a consolidated rate structure with the benefits of gradualism and rate continuity, Staff proposed four alternative rate designs,[37] Consumer Counsel proffered a rate design proposal,[38] and the Company offered one alternative rate design in rebuttal testimony[39] and then offered a revised version of that rate design during the course of the hearing ("Alternative 5").[40]

The Hearing Examiner found that "the Company's Alternative 5, which was submitted by Mr. Franceski at the hearing, should be adopted. Of all the proposed rate structures, Alternative 5 is the best at reducing rate shock to customers while still moving the Company toward the ultimate goal of rate consolidation."[41]

While the Commission concurs with the Hearing Examiner that the rate design adopted in this case should move the Company toward the goal of a consolidated rate structure, but also balance that movement with the goals of gradualism and rate continuity, the Commission does not believe that Alternative 5 is the most effective rate design for achieving those goals.

Instead, the Commission approves the monthly and volumetric rates for water and for wastewater, for each company as shown below, which results in a decrease for all customers from the interim rates currently in effect based upon a 4,000 gallon per month usage rate.

Aqua Virginia
Sample Billing for a Customer Using 4,000 Gallons Monthly

Water System Name	Group No.[42]	Monthly Rate BFC$	kGal Rate usg$
Alpha Water Corporation	4	$14.89	$7.33
Aqua Lake Holiday Utilities, Inc.	3	$14.89	$6.13
Aqua Virginia, Inc. (Lake Monticello)	2	$14.89	$4.93
Aqua S/L, Inc. (Shawnee Land)	1	$14.89	$3.71
Aqua Utility-Virginia, Inc. (Lake Shawnee)	3	$14.89	$6.13
Blue Ridge Utility Company	3	$14.89	$6.13
Caroline Utilities, Inc.	2	$14.89	$4.93
Earlysville Forest Water Company	4	$14.89	$7.33
Heritage Homes of Virginia, Inc.	3	$14.89	$6.13
Indian River Water Company	2	$14.89	$4.93
James River Service Corporation	1	$14.89	$3.71
Land'Or Utility Company, Inc.	2	$14.89	$4.93
Mountainview Water Company, Inc.	1	$14.89	$3.71
Powhatan Water Works, Inc.	1	$14.89	$3.71
Rainbow Forest Water Corporation	2	$14.89	$4.93
Sydnor Water Corporation	2	$14.89	$4.93
Water Distributors, Inc.	2	$14.89	$4.93

Aqua Virginia
Sample Billing for a Customer Using 4,000 Gallons Monthly

Sewer System Name	Group No.[43]	Monthly Rate BFC$	kGal Rate usg$
Aqua Lake Holiday Utilities, Inc.	2	$29.58	$12.98
Aqua Virginia, Inc. (Lake Monticello)	2	$29.58	$12.98
Caroline Utilities, Inc.	1	$29.58	$8.02
Land'Or Utility Company, Inc.	3	$29.58	$14.87

We find that the rate structure approved herein results in just and reasonable rates. In addition, we find that the rates approved herein reasonably balance the need to promote gradualism with the goal of moving toward a consolidated rate structure.

[36] *See, e.g.*, Exhibit 47, Direct Testimony of Marc Tufaro at 8-10; Exhibit 37, Direct Testimony of Glenn Watkins at 6.

[37] *See* Exhibit 47, Direct Testimony of Marc Tufaro at 12-16.

[38] *See* Exhibit 37, Direct Testimony of Glenn Watkins at 16-19.

[39] *See* Exhibit 19, Rebuttal Testimony of Daniel Franceski at 7-8.

[40] *See* Exhibit 20.

[41] Hearing Examiner's Report at 23.

[42] To promote gradualism, the Commission has divided the water systems into four groups instead of only the two groups proposed in Alternative 5.

[43] Like in Alternative 5, the sewer systems have been divided into three groups to ensure gradualism.

Adoption of Certain Accounting Recommendations

In pre-filed testimony, Staff witness Scott Armstrong made the following recommendations:

A. Staff recommends that Alpha [Water Corporation] record the difference between the purchase price of the Riverview system and the utility's assets net book value as an acquisition adjustment, in conformance with the Commission's findings in Case No. PUE-2006-00077.[44]

B. Staff recommends that Alpha [Water Corporation] reinstate the acquisition adjustment balance related to its purchase of the Reedville system.

C. Staff recommends approval of Aqua Virginia's proposed depreciation rates, and Aqua Virginia should implement the new depreciation rates effective with the January 1, 2009, study date.

D. For amortizable accounts, Aqua Virginia should apply the depreciation study rates to pre-2009 vintages, and should apply rates based on the amortizable lives to post-2008 vintages.

E. Aqua Virginia should begin capitalizing the portion of depreciation on transportation equipment and power-operated equipment which is related to capital projects.

F. Aqua Virginia should track cost of removal and salvage proceeds for consideration in future depreciation studies.

G. Staff recommends that Aqua Virginia comply with the Commission's requirement to annually file the stand-alone tax liability information required in the Order Granting Authority of Case No. PUE-2008-00013.[45]

H. Staff recommends that the rate case deferral be treated as a regulatory asset and subject to the earnings tests in future Annual Informational Filings and rate cases.[46]

("Staff Recommendations A-H"). With the exception of Staff's recommendation that Aqua Virginia should implement the new depreciation rates effective with the January 1, 2009 study date,[47] the Company did not object to Staff's recommendations listed above. The Commission finds that Staff Recommendations A-H, including the recommendation that Aqua Virginia should implement new depreciation rates effective with the January 1, 2009 study date, are reasonable and should be adopted.

Other Findings and Recommendations in the Hearing Examiner's Report

In his Report, the Hearing Examiner recommended that the Company "file with the Division of Energy Regulation a detailed report of actions taken with regard to customer complaints, within six months of a Final Order in this case. . . ."[48] To ensure that any potential problems with the Company's procedure for handling customer complaints are promptly examined and rectified, the Commission finds that the Company shall file its report of action with regard to customer complaints with the Commission's Division of Energy Regulation within sixty (60) days of the date of this Order.

Further, mindful of the requirement of § 56-247.1 C of the Code that every public utility must establish, and the Commission must approve, customer complaint procedures that ensure prompt and effective processing of customer inquiries, service requests and complaints, the Commission finds that Aqua Virginia should review its customer complaint procedure. The Company should update and refile this procedure, and the Staff should review this procedure and should report to the Commission on the adequacy thereof.

In all other respects, the findings and recommendations set forth in the Hearing Examiner's Report shall be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations in the September 7, 2010 Hearing Examiner's Report are adopted in part, and rejected in part, as set forth herein.

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[44] *Joint Petition of Alpha Water Corporation and Riverview Development Corporation, For approval of a change in ownership of the utility assets and expansion of service area*, Case No. PUE-2006-00077, Final Order, 2007 S.C.C. Ann. Rept. 344 (July 9, 2007).

[45] *Joint Application of Alpha Water Corporation, Aqua Utility-Virginia, Inc., Aqua Lake Holiday Utilities, Inc., Land'Or Utility Company, Inc., Caroline Utilities, Inc., Aqua/SL, Inc., Mayfore Water Company, Inc., Ellerson Wells, Inc., Blue Ridge Utility Company, Mountainview Water Company, Inc., James River Service Corporation, Earlysville Forest Water Company, Rainbow Forest Water Corporation, Powhatan Water Works, Inc., Heritage Homes of Virginia, Inc., Sydnor Hydrodynamics, Inc., Sydnor Water Corporation, Indian River Water Company, Water Distributors, Inc., Reston/Lake Anne Air Conditioning Corp., Aqua Virginia, Inc., Aqua Utilities, Inc., and Aqua America, Inc., For authority to enter into a Tax Allocation Agreement pursuant to the Affiliates Act, § 56-76 et seq. of the Code of Virginia*, Case No. PUE-2008-00013, Order Granting Authority, 2008 S.C.C. Ann. Rept. 487 (May 28, 2008).

[46] Exhibit 41, Direct Testimony of Scott Armstrong at 68.

[47] *See* Exhibit 28, Rebuttal Testimony of Stanley Szczygiel at 8.

[48] Hearing Examiner's Report at 26.

(2) Aqua Virginia shall be granted $2,134,242 in additional annual gross revenues.

(3) The Company shall refund, with interest, the difference between the interim rates that became effective on December 13, 2009, and those final rates approved herein. On or before January 13, 2011, the Company shall complete refunds by check or through credits to customer bills, to the extent that such revenues produced by interim rates exceed revenues produced by the rates approved herein.

(4) Refunds, with interest, for current customers may be made by a credit to the customers' accounts and shown on bills. If refunds, with interest, for current customers are made by a credit to the customers' accounts and shown on bills, the bills shall show the refund as a separate item or items.

(5) For former customers, refunds with interest that exceed One Dollar ($1.00) shall be made by check mailed to the last known address of such customers.

(6) Aqua Virginia may retain refunds owed to former customers when such refund amount is less than One Dollar ($1.00); however, if refunds owed to former customers in an amount less than One Dollar ($1.00) are retained by the Company, the Company will prepare and maintain a list detailing each of the former accounts for which refunds are less than One Dollar ($1.00), and in the event such former customers contact the Company and request refunds, such refunds shall be made promptly. All unclaimed refunds shall be handled in accordance with § 55-210.6:2 of the Code.

(7) Aqua Virginia may offset the credit or refund to the extent no dispute exists regarding the outstanding balances of its current customers or customers who are no longer on its system. To the extent that outstanding balances of such customers are disputed, no offset shall be permitted for the disputed portion.

(8) Interest upon the ordered refunds shall be computed from the date payments of monthly bills were due as shown on the bills to the date each refund is made at the average prime rate for each calendar quarter, compounded quarterly. The average prime rate for each calendar quarter shall be the arithmetic mean, to the nearest one-hundredth of one percent, of the "Bank prime loan" values published in the Federal Reserve Bulletin or in the Federal Reserve's Selected Interest Rates (Statistical Release H. 15) for the three months of the preceding calendar quarter.

(9) On or before March 1, 2011, Aqua Virginia shall submit to the Divisions of Public Utility Accounting and Energy Regulation a report showing that all refunds have been made pursuant to this Order and itemizing the cost of the refund and accounts charged. The Company shall not recover the interest paid or the expenses incurred in making such refunds from water and sewer rates and charges subject to the Commission's jurisdiction.

(10) Aqua Virginia, within sixty (60) days of the date of this Order, shall file a detailed report of actions taken with regard to customer complaints with the Commission's Division of Energy Regulation.

(11) Staff Recommendations A-H are hereby adopted.

(12) A rate of return on common equity of 10.40%, and a cost of equity range of 9.90% to 10.90%, are hereby adopted.

(13) Within thirty (30) days from the date of this Order, the Company shall file its customer complaint procedure and its revised tariffs and terms and conditions of service that reflect the rates and charges approved herein.

(14) The Commission's Division of Energy Regulation shall review and report to the Commission on the adequacy of Aqua Virginia's customer complaint procedure within sixty (60) days from the date of this Order.

(15) This case shall remain open for the purpose of receiving the information and reports described in Ordering Paragraphs (10), (13) and (14).

CASE NO. PUE-2009-00060
JULY 9, 2010

APPLICATION OF
THE POTOMAC EDISON COMPANY d/b/a ALLEGHENY POWER

For authority to enter into a Credit Facility of up to an Aggregate Amount of $150 million

DISMISSAL ORDER

On June 26, 2009, The Potomac Edison Company d/b/a Allegheny Power ("Potomac Edison" or "Company") filed with the State Corporation Commission ("Commission") an application pursuant to Chapter 3 of Title 56 of the Code of Virginia requesting authority to enter into a revolving credit arrangement ("Credit Facility"). At that time, Potomac Edison was subject to regulation under Chapter 3 as a public service company, as defined in § 56-55 of Chapter 3, "engaged in business in this Commonwealth as a public utility and subject to regulation as to rates and service by the State Corporation Commission under the provisions of Chapter 10" of Title 56.

On September 24, 2009, the Commission issued an Order ("September Order") that authorized the Company to enter into the Credit Facility and imposed a number of ongoing obligations on the Company, including:

1. requiring the Company to file a request demonstrating the need for amended authority to secure the Credit Facility by the issuance of bonds pursuant to the Company's First Mortgage Indenture;

2. requiring the Company to submit to the Clerk of the Commission a preliminary Report of Action within thirty (30) days after execution of a Credit Facility;

3. requiring the Company to seek additional Commission authority to alter or amend any Credit Facility terms and conditions;

4. requiring the Company to file detailed quarterly reports of action within sixty (60) days after the end of each calendar quarter in which Credit Facility borrowings are made; and

5. requiring the Company to file a final report of action within sixty (60) days after the end of the calendar quarter in which the period of authority expires.

The September Order continued the matter generally, subject to the "continuing review, audit, and appropriate directive of the Commission."

On September 15, 2009, Rappahannock Electric Cooperative, Shenandoah Valley Electric Cooperative (collectively, the "Cooperatives"), and Potomac Edison (with the Cooperatives, collectively, the "Joint Petitioners") filed a Joint Petition with the Commission requesting, among other things, approval of a transaction that would result in the sale to the Cooperatives of Potomac Edison's electric distribution facilities used in connection with the retail sale and distribution of electric power in its Virginia service territory (the "Transaction").[1]

On May 14, 2010, the Commission granted the Joint Petition, subject to certain requirements to which the Joint Petitioners agreed.

On June 1, 2010, the Joint Petitioners completed the Transaction, and the Cooperatives began to provide retail electric service to the customers of Potomac Edison. As a result of the Transaction, Potomac Edison no longer provides retail electric service to customers in Virginia and is not subject to regulation as to rates and service by the Commission under the provisions of Chapter 10. Accordingly, the Company is no longer an entity that is subject to the requirements contained in the September Order.

On June 15, 2010, the Company filed with the Commission a Motion to Dismiss this proceeding and stated that counsel for Staff does not oppose the Motion.

NOW THE COMMISSION, being sufficiently advised, is of the opinion and finds that Potomac Edison's Motion to Dismiss should be granted.

Accordingly, IT IS ORDERED THAT:

(1) The Company's Motion to Dismiss is hereby granted.

(2) This case is hereby dismissed from the Commission's docket of active cases, and the papers filed herein shall be placed in the Commission's file for ended causes.

[1] *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.

CASE NO. PUE-2009-00062
AUGUST 6, 2010

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

In re: Kentucky Utilities Company d/b/a Old Dominion Power Company Integrated Resource Plan filing pursuant to Va. Code § 56-597 *et seq*.

FINAL ORDER

Section 56-599 B of the Code of Virginia ("Code") mandates that each electric utility in the Commonwealth of Virginia file an integrated resource plan ("IRP") with the State Corporation Commission ("Commission") by September 1, 2009. An IRP, as defined by § 56-597 of the Code, is "a document developed by an electric utility that provides a forecast of its load obligations and a plan to meet those obligations by supply side and demand side resources over the ensuing 15 years to promote reasonable prices, reliable service, energy independence, and environmental responsibility." Pursuant to § 56-599 E of the Code, the Commission must determine whether an IRP is reasonable and in the public interest.

On July 1, 2009, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP" or "Company") filed with the Commission pursuant to § 56-597 *et seq*. of the Code, a redacted copy of its IRP, which had all information the Company deemed confidential redacted from public view. On July 23, 2009, KU/ODP filed a complete copy of its IRP filing, including confidential information filed under seal in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure.

In its filing, KU/ODP stated that following the merger of KU Energy Corporation into LG&E Energy Corp. in May 1998, KU/ODP and Louisville Gas and Electric Company began to jointly plan generation, transmission, and dispatch operations and established a common reserve margin consistent with the regulatory approvals issued by this and other state and federal regulatory commissions. KU/ODP's IRP filing in Virginia therefore consists of a copy of the 2008 IRP that the Company filed with the Kentucky Public Service Commission ("KPSC"), along with certain supplemental information and amendments to provide information consistent with the Commission's December 23, 2008 Order Establishing Guidelines for Developing Integrated Resource Plans in Case No. PUE-2008-00099.[1]

[1] *Commonwealth of Va., ex rel. State Corp. Comm'n., Concerning Electric Utility Integrated Resource Planning Pursuant to Va. Code § 56-597 et seq.*, Case No. PUE-2008-00099, 2008 S.C.C. Ann. Rept. 606 (Dec. 23, 2008).

On July 29, 2009, the Commission issued an Order for Notice and Comment which, among other things, directed KU/ODP to provide public notice of its IRP and afforded interested persons an opportunity to file comments or request a hearing on the IRP. No comments or requests for hearing were received by the Commission regarding KU/ODP's IRP.

On January 12, 2010, the Commission issued a Procedural Order that directed the Staff of the Commission ("Staff") to analyze KU/ODP's IRP and present its findings in a Staff Report.

On March 9, 2010, a Staff Report prepared by the Commission's Division of Economics and Finance was filed. The Staff recommended that the Commission accept KU/ODP's IRP as reasonable and in the public interest. In support of this recommendation, the Staff stated that it believes KU/ODP's IRP complies with the legislative requirements imposed by § 56-597 *et seq.* of the Code and the guidelines established by the Commission in Case No. PUE-2008-00099. The Staff noted that the KPSC requires the Company to file a comprehensive IRP every three years for its Kentucky operations and that the KPSC Staff performs a thorough investigation of all such IRPs. The Staff further believes that the Company's effort to develop its IRP in Kentucky complies with requirements imposed in Virginia by § 56-597 *et seq.* of the Code and the guidelines established by the Commission in Case No. PUE-2008-00099. Accordingly, the Staff does not object to KU/ODP continuing to provide the same information for Virginia as it develops for its IRP for Kentucky and supplementing its IRP with Virginia-specific data requirements.

Furthermore, the Staff acknowledged that KU/ODP's IRP is an ongoing planning process and noted that the results or conclusions in the Company's IRP are subject to further scrutiny prior to implementation. Accordingly, the Staff stated that any determination in this proceeding should not preclude the Commission from approving or rejecting a particular supply-side or demand-side resource in the future, nor should the Commission's determination in this case create any presumption in favor, or not in favor, of a particular resource.

On April 2, 2010, KU/ODP filed its response to the Staff Report. The Company stated that while the Staff's recommendations were acceptable, there were three clarifications to the Staff Report that needed to be made regarding references to: (i) the status of a Renewable Portfolio Standard in Kentucky; (ii) the completion of a flue gas desulfurization unit; and (iii) the number of hydro units and gas-fired combustion turbine units on the entire E.ON U.S. system. KU/ODP stated that notwithstanding these minor clarifications, the Company requests that the Commission accept the recommendations of the Staff Report and enter an order approving its IRP by May 1, 2010.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the IRP of KU/ODP is reasonable and is in the public interest under § 56-599 E of the Code. The Commission supports the Staff's position that an IRP is based on a snapshot in time and, by its own terms, is not a commitment to a specific course of action in the future. 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.

Accordingly, IT IS ORDERED THAT this matter is dismissed from the Commission's active docket and the papers filed herein placed in the Commission's file for ended causes.

CASE NO. PUE-2009-00064
MARCH 26, 2010

APPLICATION OF
WASHINGTON GAS LIGHT COMPANY

For approval of natural gas conservation and ratemaking efficiency plan including a decoupling mechanism

ORDER APPROVING NATURAL GAS CONSERVATION AND RATEMAKING EFFICIENCY PLAN

On September 29, 2009, Washington Gas Light Company ("WGL" or "Company") filed with the State Corporation Commission ("Commission") an application ("Application") pursuant to Chapter 25 of Title 56 (§§ 56-600 *et seq.*) ("Act") of the Code of Virginia ("Code") seeking approval to implement a natural gas conservation and ratemaking efficiency plan ("CARE Plan").

The Company's proposed CARE Plan includes: (1) various programs to encourage energy efficiency and conservation by residential customers, certain small commercial and industrial ("C&I") customers, and certain small group metered apartment ("GMA") customers; and (2) a decoupling mechanism that adjusts the Company's actual non-gas distribution revenues to the level of non-gas distribution revenues approved by the Commission in the Company's most recent rate case proceeding, Case No. PUE-2006-00059,[1] for those customer classes eligible to participate in the programs.[2]

The Company proposes that its CARE Plan be approved for a three-year period. Over the first three years of the proposed CARE Plan, the Company estimates spending $7.8 million in conservation-related activities on behalf of customers. Based on the Company's calculations, customers can expect to save more than $12.8 million over the lifetime of the efficiency measures offered through the proposed programs.[3]

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[1] *Application of Washington Gas Light Company, For a general increase in rates, fees, charges and revisions to the terms and conditions of service as well as approval of a performance-based rate regulation methodology under Va. Code § 56-235.6*, Case No. PUE-2006-00059, 2007 S.C.C. Ann. Rept. 315, Final Order (Sept. 19, 2007).

[2] *See* Report of Howard P. Anderson, Jr., Hearing Examiner, at 1 (Feb. 19, 2010) ("Hearing Examiner's Report").

[3] *Id.* (citation omitted).

The proposed CARE Plan has four major components: (i) a portfolio of conservation and energy efficiency programs (in addition to a customer outreach and education program) and programs targeted at residential low income customers; (ii) the CARE Cost Adjustment ("CCA"), which is designed to track and to recover the expenses associated with implementation of the above programs; (iii) a decoupling mechanism, the CARE Ratemaking Adjustment ("CRA"), which is in the form of a sales adjustment clause; and (iv) an annual performance-based incentive mechanism for delivering conservation and energy efficiency benefits.[4]

The proposed CARE Plan includes eight distinct conservation and energy efficiency programs and low income programs: (1) an Energy Efficiency Education Program; (2) a Heating System Check-up Program with a Programmable Thermostat Option; (3) a Boiler/Furnace Replacement Program; (4) a Water Heater Replacement Program; (5) a Natural Gas New Homes Program with ENERGY STAR®; (6) a Commercial Efficiency Program; (7) a Low Income Energy Assistance Program; and (8) a Residential Essential Service Program.[5]

The Heating System Check-up Program with Programmable Thermostat Option would provide residential customers with a $30 incentive towards either the cost of a seasonal check-up of their heating system or a credit towards the purchase and installation of a programmable thermostat.[6] The Company's projected annual costs for this program are $278,800.[7]

The Boiler/Furnace Replacement Program would provide residential customers with a $250 incentive to cover a portion of the incremental cost for the installation of a high efficiency natural gas boiler with an efficiency of 85% or greater ("85% efficiency"). A customer that installs a natural gas boiler or furnace with an efficiency of 90% or greater ("90% efficiency") would receive a $500 incentive.[8] The Company's projected annual costs for this program are $480,468.[9]

The Water Heater Replacement Program would provide a $50 incentive for the installation of a standard natural gas water heater with an energy factor of 0.62 or greater, or a $250 incentive for the installation of a high efficiency natural gas water heater with an energy factor of 0.82 or greater.[10] The Company's projected annual costs for this program are $433,952.[11]

The Natural Gas New Homes Program is intended to encourage residential customers to install highly energy efficient Energy Star-rated natural gas equipment in residential new construction. The customer would be required to have natural gas for both space heating and water heating to participate in the program and to receive the full $250 incentive. This program would be limited to the first 1,000 participants.[12] The Company's projected annual costs for this program are $250,000.[13]

The Commercial Efficiency Program is an incentive program for commercial customers to offset the costs of weatherization and high efficiency equipment installation. The Company would evaluate commercial customers' energy efficiency proposals and provide an incentive if the proposal is cost-effective, *i.e.*, meets the standard of 80% of the Total Resource Cost Test ("TRC"). Incentives would be capped at the greater of 80% of TRC benefits or a maximum of $10,000.[14] The Company's projected annual costs for this program are $500,000.[15]

The Energy Efficiency Education Program is intended to provide customers with information on the importance of energy conservation and the various programs in which they may participate.[16] The Company's projected annual costs for this program are $291,780.[17]

The Low Income Energy Assistance Program would provide funding to agencies that administer the federal weatherization assistance programs. The Company assumed, for budgeting purposes, that it would spend $165,000 annually on this program to be applied to activities agreed upon with the Community Housing Partners Corporation.[18]

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[4] *Id.* at 2.

[5] *Id.* at 2-3.

[6] *Id.* at 5. Customers would be notified of this program through bill inserts, direct mail, contractors, and the Company's website. *Id.*

[7] Ex. 8 at CGS-1 (Shay direct).

[8] Hearing Examiner's Report at 5.

[9] Ex. 8 at CGS-1 (Shay direct). This amount is allocated as follows: (a) $53,088 to the 85% efficiency program; and (b) $427,380 to the 90% efficiency program. Ex. 9 at PHR-1, Stmnt. 2, Pages 4-5 (Raab direct).

[10] Hearing Examiner's Report at 5.

[11] Ex. 8 at CGS-1 (Shay direct).

[12] Hearing Examiner's Report at 5-6. The Company would inform potential participants through builders, bill inserts, direct mail, contractors, and a website. *Id.*

[13] Ex. 8 at CGS-1 (Shay direct).

[14] Hearing Examiner's Report at 6.

[15] Ex. 8 at CGS-1 (Shay direct).

[16] Hearing Examiner's Report at 6.

[17] Ex. 8 at CGS-1 (Shay direct).

The Residential Essential Service Program would provide a per therm credit to be applied to the usage of eligible low income customers during the months of November through April. To be eligible for the Residential Essential Service Program, customers must use gas as their principal source of space heating, be certified by the Department of Social Services to be eligible for the Low Income Home Energy Assistance Program, and be current on their bill payments. The Company's projected annual costs for this program are $100,000.[19]

In sum, the Company anticipates an annual expenditure of $2.6 million divided among all energy efficiency and low income programs. The Company plans to outsource the administrative function of each program, with a Company staff position responsible for the daily activities of each program and any vendor relationships. At the completion of each year of implementation, the Company would hire an independent third party to analyze the programs' performance.[20]

On October 21, 2009, the Commission issued an Order for Notice and Hearing that, among other things, directed the Company to provide notice of its Application, established a procedural schedule, and assigned this matter to a Hearing Examiner.

An evidentiary hearing was held before the Hearing Examiner on February 1 and 9, 2010.

On February 19, 2010, Hearing Examiner Howard P. Anderson, Jr., issued the Hearing Examiner's Report, which included the following findings:

1. The Company's CARE Plan set forth in the Application, as modified [by the Hearing Examiner's Report], should be approved;

2. Due to insufficient notice, the Company's entire Shenandoah C&I and GMA classes must be excluded from the Company's CARE Plan at this time;

3. The Company should be directed to ensure that net present value benefits of the proposed programs are not shared or transferred between rate classes;

4. The Company should perform a second earnings test that will ensure [that the excess earnings under the Company's existing performance-based regulation plan that would otherwise accrue to] non-participants in the CARE Plan are not affected by the CRA;

5. The Company's annual reconciliation of its [Weather Normalization Adjustment ('WNA')] and CRA should be performed simultaneously and reflected in customers' August bills;

6. The Company should explain the CRA and CCA to customers by bill notice and post relevant information on the Company website;

7. The Company should provide an explanation of the mechanics of the performance incentive mechanism in its tariffs;

8. The Company's proposed decoupling mechanism (CRA) and CCA are appropriate and should be approved; and

9. The Company's proposed [Residential Essential Service] plan should not be approved for the reasons stated [in the Hearing Examiner's Report], and the funds designated for this program should be applied to the Company's weatherization plan for low-income customers.[21]

On or before March 2, 2010, the following participants filed comments on the Hearing Examiner's Report: WGL; the Commission's Staff ("Staff"); and the Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel").

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the Company's CARE Plan, as modified in accordance with the findings made herein and subject to the requirements in this Order, satisfies the statutory provisions of the Act and is therefore approved.

Code of Virginia

Section 56-602 A of the Code provides in part 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

[18] Hearing Examiner's Report at 5. The Community Housing Partners Corporation, which serves all of Northern Virginia and the Company's customers in the Shenandoah region, would disseminate information about the Low Income Energy Assistance Program, and the Company would also use its communications channels to inform and educate customers of the program. *Id.*

[19] *Id.* at 3-5.

[20] *Id.* at 6.

[21] *Id.* at 25-26.

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.

Section 56-602 B of the Code directs in part as follows:

The Commission shall approve or deny, within 180 days, a natural gas utility's initial application for any revenue-neutral conservation and ratemaking efficiency plan that allocates annual per-customer fixed costs on an intra-class basis in reliance upon a revenue study or class cost of service study supporting the rates in effect at the time the plan is filed. A plan filed pursuant to this subsection shall not require the filing of rate case schedules . . . . The Commission shall approve such a plan . . . if it finds that the plan's . . . proposed decoupling mechanism is revenue-neutral and is otherwise consistent with this chapter.

Section 56-600 of the Code includes definitions of some of the terms used above, including the following:

'*Allowed distribution revenue*' means the average annual, weather-normalized, nongas commodity revenue per customer associated with the rates in effect as adopted in the applicable utility's last Commission-approved rate case or performance-based regulation plan, multiplied by the average number of customers served.

'*Conservation and ratemaking efficiency plan*' means a plan filed by a natural gas utility pursuant to this chapter that includes a decoupling mechanism.

'*Cost-effective conservation and energy efficiency program*' means a program approved by the Commission that is designed to decrease the average customer's annual, weather-normalized consumption or total gas bill, for gas and nongas elements combined, or avoid energy costs or consumption the customer may otherwise have incurred, and is determined by the Commission to be cost-effective after analyzing such program using the Total Resource Cost Test, the Societal Test, the Program Administrator Test, the Participant Test, the Rate Impact Measure Test, and any other test the Commission reasonably deems appropriate. The Commission may determine the weight to be given to a 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.

'*Decoupling mechanism*' means a rate, tariff design or mechanism that decouples the recovery of a utility's allowed distribution revenue from the level of consumption of natural gas by its customers, including (i) a mechanism that adjusts actual nongas distribution revenues per customer to allowed distribution revenues per customer, such as a sales adjustment clause, (ii) rate design changes that substantially align the percentage of fixed charge revenue recovery with the percentage of the utility's fixed costs, such as straight fixed variable rates, provided such mechanism includes a substantial demand component based on a customer's peak usage, or (iii) a combination of clauses (i) and (ii) that substantially decreases the relative amount of nongas distribution revenue affected by changes in per customer consumption of gas . . . .

'*Revenue-neutral*' means a change in a rate, tariff design or mechanism as a component of a conservation and ratemaking efficiency plan that does not shift annualized allowed distribution revenue between customer classes, and does not increase or decrease the utility's average, weather-normalized nongas utility revenue per customer for any given rate class by more than 0.25 percent when compared to (i) the rate, tariff design or mechanism in effect at the time a conservation and ratemaking efficiency plan is filed pursuant to this chapter or (ii) the allocation of costs approved by the Commission in a rate case using the cost of service methodology set forth in § 56-235.2 or a performance-based regulation plan authorized by § 56-235.6, where a plan is filed in conjunction with such case.

Section 56-602 E of the Code mandates as follows:

The Commission shall require every natural gas utility operating under a conservation and ratemaking efficiency plan approved pursuant to this chapter to file annual reports showing the year over year weather-normalized use of natural gas on an average customer basis, by customer class, as well as the incremental, independently verified net economic benefits created by the utility's cost-effective conservation and energy-efficiency programs during the previous year.

Section 56-602 F of the Code requires a performance-based incentive as follows:

The Commission shall grant recovery, on an annual basis, of a performance-based incentive for delivering conservation and energy efficiency benefits, which shall be included in the utility's respective purchased gas adjustment mechanism. The incentive shall be calculated as a reasonable share of the verified net economic benefits created by the utility's cost-effective conservation and energy efficiency programs, and may be recovered over a period of years equal to the payback period or discounted to net present value and recovered in the first year. In structuring this incentive, the Commission shall create a reasonable opportunity for a utility to earn up to a 15 percent share of such independently verified net economic benefits upon meeting target levels of

> such benefits set forth in a plan approved by the Commission. The level of net economic benefits to be used as the basis for such calculation shall be the sum of customer savings less utility costs recovered through subsection D, measured over the number of years of the payback period, rounded up to the next highest year. The incentives authorized by this subsection shall be in addition to any other revenue requirements or rates established pursuant to § 56-235.2 or 56-235.6 and independent of any computation of shared revenues under an approved performance-based regulation plan.

CARE Plan

We approve, subject to the requirements set forth herein, the following six residential programs: (1) Energy Efficiency Education Program; (2) Heating System Check-up Program with a Programmable Thermostat Option; (3) the 85% efficiency portion of the Boiler/Furnace Replacement Program; (4) Water Heater Replacement Program; (5) Natural Gas New Homes Program with ENERGY STAR®; and (6) Low Income Energy Assistance Program.[22]

We conclude that the CARE Plan shall be modified in order to be found cost effective under the Act. Staff testified that when all residential program costs are considered, the estimated costs could significantly exceed the estimated benefits.[23] We find that Staff's analysis is sufficient to establish that the residential programs are not cost effective as originally proposed by WGL. The cost impact on customers – particularly those not eligible or otherwise not participating in these programs – is of concern. We also conclude, however, that the following changes – which are further discussed below – enable the CARE Plan as limited herein to meet the relevant statutory requirements at this time: (i) rejection of the Residential Essential Service Program; (ii) rejection of the 90% efficiency portion of the Boiler/Furnace Replacement Program; and (iii) implementation of a performance-based incentive plan incorporating all utility program costs that would be recovered from ratepayers, which reduces the maximum potential performance-based incentive.

In addition, the CARE Plan is limited to a three-year period beginning on May 1, 2010. On or before August 1, 2011, and each August 1 thereafter, the Company shall file an annual report that measures and verifies the actual results of the CARE Plan. As required by § 56-602 E of the Code, such reports shall also show "the year over year weather-normalized use of natural gas on an average customer basis, by customer class, as well as the incremental, independently verified net economic benefits created by the utility's cost-effective conservation and energy-efficiency programs during the previous year." We will specifically evaluate whether there is a showing of demonstrated savings from the programs. We also note that while there is no assurance that customers as a whole will benefit from implementation of these programs, the limited scope of the CARE Plan approved herein will assist in subsequent evaluations of whether to continue these or related programs in the future.

Further, in this regard, the Company shall maintain strict and detailed identification and accounting of its program-specific and common costs and shall identify program-specific benefits as well.[24] For example, the Company shall specifically identify how – and what portion of – the costs of the Low Income Energy Assistance Program are achieving actual, verifiable energy use reductions in the homes of low income consumers. Moreover, all costs should be scrutinized to ensure that such expenditures are closely and definitely related to the programs approved herein and are not used, for example, to serve general marketing or public relations purposes. The annual reports required herein will provide significant information in evaluating whether certain programs are cost effective and warrant continuation or modification thereof. Indeed, any subsequent request from WGL to amend or to extend its CARE Plan shall incorporate the results from these annual reports.

Next, as recommended by the Hearing Examiner, WGL shall: (a) ensure that net present value benefits of the proposed programs are not shared or transferred between rate classes; (b) perform a second earnings test to ensure that the CRA neither positively nor negatively impacts non-participants' sharing of excess earnings under the Company's existing performance-based regulation plan; (c) perform annual reconciliation of its WNA and CRA simultaneously, which shall be reflected in customers' August bills; (d) explain the CRA and CCA to customers by bill notice and by posting relevant information on the Company's website; and (e) provide an explanation of the mechanics of the performance-based incentive mechanism in its tariffs.[25]

We reject WGL's proposed performance-based incentive proposal and, rather, approve the same performance-based incentive plan methodology as approved by the Commission as part of Columbia Gas' CARE Plan.[26] As required for Columbia Gas, WGL's usage reduction targets shall be based upon the cumulative gas usage savings, calculated for all participants in the programs measured from the year of installation as determined from the Company's cost/benefit analysis. As we explained in approving Columbia Gas' incentive plan, this incentive mechanism incorporates the use of actual natural gas prices in calculating net economic benefits by multiplying the cumulative gas usage reductions by the jurisdictional weighted average commodity costs of gas for each year – and this approach, in our view, avoids the vagaries inherent in any long-term projection of natural gas prices. Furthermore, we find that all

[22] We further note that this is WGL's first request to implement a CARE Plan, and none of the participants in this case have objected to these specific programs on an individual basis.

[23] *See, e.g.,* Ex. 13 at MKC-2 and MKC-3 (Carsley direct). Moreover, contrary to WGL's assertions, we find that it is reasonable to consider performance-based incentive costs when evaluating the cost effectiveness of the CARE Plan. As noted by Staff, performance-based incentive costs are actual costs that will be recovered from customers for implementing the CARE Plan. *See, e.g.,* Staff's March 2, 2010 Comments at 7-10. This is also consistent with the more recent CARE plans approved by the Commission. While the CARE Plan approved for Virginia Natural Gas (Case No. PUE-2008-00060) did not include any performance-based incentive for the utility, the CARE Plan approved for Columbia Gas of Virginia ("Columbia Gas") (Case No. PUE-2009-00051), which includes a performance-based incentive, was found by Staff to be cost effective – even considering performance incentive costs – due to Columbia Gas' receipt of federal stimulus funds. *See, e.g.,* Hearing Examiner's Report at 25; Tr. 309.

[24] In addition, the annual report shall identify the number of participants in each of the programs approved herein.

[25] *See, e.g.,* Hearing Examiner's Report at 26. We also find that the CRA shall be listed as a separate line on customers' bills, and that the bill shall contain a notation that non-gas billing rates contain additional CARE Plan charges (with a reference to a Company website where customers can get more information on the CARE Plan and on the calculation of non-gas billing charges). *See, e.g.,* Ex. 15 at 41 (Abbott direct).

[26] Hearing Examiner's Report at 23. The Company did not object to this recommendation. WGL's February 26, 2010 Comments at 7-8.

utility program costs (which are ultimately borne by ratepayers) should be netted against customer savings to determine the net economic benefits upon which to apply the performance-based incentive.[27]

We reject WGL's proposed Residential Essential Service Program and the projected costs associated therewith.[28] This program is not designed to promote conservation; rather, this program "would provide a per therm credit applied to the usage of eligible low-income customers during the months of November through April."[29] In addition, Consumer Counsel states that "[n]ot only would a flat per therm credit not promote conservation, . . . it is directly at odds with conservation because [WGL's] program would reduce the cost of gas for certain customers, thereby sending the opposite price signal, contrary to efficient conservation."[30] Rejection of this program, however, does not mean that there are no low-income assistance programs as part of the CARE Plan. As noted above, we have approved the Low Income Energy Assistance Program, which is specifically designed to assist low-income customers. Moreover, as previously noted, the Low Income Energy Assistance Program approved above will continue to be evaluated – in accordance with the annual reports required herein – to determine whether specific reductions in energy consumption are actually accruing to low income consumers as a direct result of this program and, thus, whether the program proves to be cost effective in practice.

We further conclude that the 90% efficiency portion of the Boiler/Furnace Replacement Program, and the projected costs attendant thereto, shall be rejected at this time. Staff notes that based on the $500 credit proposed by WGL, "after the performance incentive for the program is taken into account, implementation of the Boiler/Furnace Replacement $\geq$ 90% Program actually will raise the average cost of energy services for WGL customers."[31] As a result, the Boiler/Furnace Replacement Program approved herein is limited to a $250 incentive for equipment replacement with an efficiency of 85% or greater.

We also do not approve WGL's proposed Commercial Efficiency Program and the projected costs associated therewith. We agree with the Hearing Examiner and Staff that WGL has not established that this program satisfies the statutory requirements for the CARE Plan.[32] The Company, however, asserts that the Commission previously approved a similar program as part of the CARE Plan for Columbia Gas, which "provides the precedent for Commission-approval of a custom commercial program (filed pursuant to the [Act]) in which energy efficiency proposals are evaluated by the *utility* (and not the Commission) on a case-by-case basis, using a methodology approved by the Commission."[33] Thus, WGL concludes that the Commission must approve its proposal because it is "the same type of custom commercial program that the Commission has already approved for Columbia Gas."[34] We do not find, as suggested by the Company, that WGL's proposal is substantially the same as that approved for Columbia Gas.[35] In addition, we do not find that WGL's proposed Commercial Efficiency Program is cost effective under the Act; for example, Staff explains that the "proposed incentive awards under [this] program produce some rather bizarre results[, where the] incentive payments could potentially exceed the costs that a customer actually incurs to undertake a conservation and energy efficiency project."[36]

Finally, while we find that the Company's proposed CARE Plan, as approved herein, satisfies the relevant statutory requirements, we note that the CRA decoupling mechanism mandated by § 56-602 A of the Code may produce a negative effect on non-participating customers who engage voluntarily in conservation or energy efficiency measures outside of the CARE Plan. Without the CRA, for example, customers who lower their thermostats to reduce their gas usage realize two separate and distinct benefits under the Company's current volumetric rates: (i) a reduction in their gas costs; and (ii) a reduction in their contributions to the Company's distribution costs. The proposed CRA, however, will reduce the savings or benefits that can be realized by such customers because the CRA will prevent customers from lowering their contributions to the Company's distribution costs by curtailing gas usage. Nevertheless, § 56-602 A of the Code mandates that a CARE Plan "shall include . . . a [CRA] decoupling mechanism," and the Commission is required to approve such decoupling mechanism if it meets the statutory standards.

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[27] This would include, for example, total customer incentive costs, total utility costs, education program costs, program administration costs, and evaluation and measurement costs. *See, e.g.,* Ex. 13 at MKC-2 and MKC-3 (Carsley direct). Accordingly, WGL shall prepare a revised performance-based incentive plan that complies with the method approved for Columbia Gas and that reflects the specific details attendant to the programs approved herein for WGL.

[28] Contrary to the Hearing Examiner's recommendation, these costs shall not be reallocated elsewhere in the CARE Plan.

[29] Hearing Examiner's Report at 23.

[30] Consumer Counsel's March 2, 2010 Comments at 3. Furthermore, we reject WGL's contention that the Act was intended "to allow for programs, other than conservation programs, to address the needs of [WGL's] low-income customers." WGL's February 26, 2010 Comments at 11.

[31] Ex. 13 at 17 (Carsley direct).

[32] *See, e.g.,* Hearing Examiner's Report at 24; Staff's March 2, 2010 Comments at 12-15.

[33] WGL's February 26, 2010 Comments at 4 (emphasis in original).

[34] *Id.* at 5. WGL further contends that "based on its approval of the Business Custom Program for Columbia Gas, the Commission has no basis for not approving [WGL's] commercial custom program because [WGL's] proposed program is also cost effective and consistent with § 56-600 [of the Code], as the Commission has interpreted that provision in the Columbia Gas proceeding." *Id.* at 7.

[35] For example, the Hearing Examiner concludes that "there is insufficient information in the record of this proceeding or in the Columbia Gas final order and Stipulation to make that determination." Hearing Examiner's Report at 24. WGL also identifies certain distinctions between the two programs. *See, e.g.,* WGL's February 26, 2010 Comments at 6. Moreover, the Company did not establish that its proposal would reasonably produce substantially the same results as the program previously approved for Columbia Gas.

[36] Staff's March 2, 2010 Comments at 11. Having rejected the only business program proposed by WGL, we need not reach the questions herein regarding: (1) potential rate discrimination among, and how to define, the Company's large commercial and industrial customers for purposes of the Act; and (2) WGL's defective notice to its Shenandoah C&I customers. *See, e.g.,* Hearing Examiner's Report at 22-23; Staff's March 2, 2010 Comments at 12-15.

Accordingly, IT IS HEREBY ORDERED THAT:

(1) A three-year conservation ratemaking and efficiency plan, as permitted by § 56-600 *et seq*. of the Code of Virginia, is approved as set forth in this Order Approving Natural Gas Conservation and Ratemaking Efficiency Plan and shall become effective on May 1, 2010.

(2) WGL shall forthwith file revised tariffs and terms and conditions of service, including a revised performance-based incentive mechanism, with the Commission's Division of Energy Regulation in accordance with this Order Approving Natural Gas Conservation and Ratemaking Efficiency Plan.

(3) This matter is dismissed.

CASE NO. PUE-2009-00065
JUNE 16, 2010

APPLICATION OF
CRAIG-BOTETOURT ELECTRIC COOPERATIVE

For a general increase in electric rates

FINAL ORDER

On November 2, 2009, Craig-Botetourt Electric Cooperative ("Craig-Botetourt" or the "Applicant") completed an application for a general increase in its electric rates. The Applicant filed the application with the State Corporation Commission ("Commission") pursuant to §§ 56-231.33, 56-231.34, 56-236, and 56-585.3 of the Code of Virginia ("Code").

Craig-Botetourt stated in its application that since its last rate increase, purchased power and operating expenses have increased without a comparable increase in revenues and that its Times Interest Earned Ratio ("TIER") has decreased from 2.07 in 2006 to 1.42 in 2008. Additionally, Craig-Botetourt stated that it must meet its expenses and preserve sufficient margins to meet the financial requirements of its mortgage indenture but that its margins have declined to a level that rendered it unable to refund capital credits to its members in 2008.

Craig-Botetourt sought approval for a 14.9% increase in base rates, which according to the Applicant would generate an additional $1,468,716 in annual Virginia jurisdictional revenues. Craig-Botetourt also stated that the requested increase would produce a TIER of 2.63.

In addition to an increase in its rates, Craig-Botetourt proposed changes to its terms and conditions, including changes in its fee schedule and significant changes to its Line Extension Policy.

Pursuant to Rule 20 VAC 5-200-21 B 7, Craig-Botetourt also requested a waiver of Rule 20 VAC 5-200-21 E, which requires that any electric cooperative filing a rate application pursuant to § 56-582 of the Code submit Schedules 15-19.

On December 4, 2009, the Commission issued an Order for Notice and Hearing, and on December 15, 2009, issued its Order Nunc Pro Tunc correcting and replacing the December 4, 2009 Order with the Order for Notice and Hearing attached to the December 15, 2009 Order ("Procedural Order"). In the Procedural Order, the Commission granted the Applicant's request for a waiver from the requirement to file Schedules 15-19, and directed that the proposed rates be suspended for 150 days after which Craig-Botetourt "may, but is not obligated to, place its proposed rates, charges, and terms and conditions of service into effect on an interim basis, subject to refund, for service rendered on and after April 1, 2010." Additionally, the Commission directed its Staff ("Staff") to conduct an investigation of the application; assigned this matter to a hearing examiner to conduct all further proceedings; and scheduled a public hearing for May 18, 2010.

No notices of participation were filed in this case. On April 26, 2010, Staff filed its testimony in this case. Craig-Botetourt did not file rebuttal testimony. On May 18, 2010, Staff filed supplemental testimony of Staff witness Richard W. Michaux, Jr. ("Michaux").

A public hearing on the application was convened on May 18, 2010. The following participants were represented by counsel at the hearing: Craig-Botetourt and Staff. No public witnesses testified at the hearing. Craig-Botetourt and Staff submitted a jointly executed stipulation ("Stipulation") recommending a resolution of the issues in the proceeding. All testimony, revisions and supplements to the application, and schedules were admitted into the record without cross-examination of the witnesses.

In the Stipulation, Craig-Botetourt and Staff ("Stipulating Participants") agreed that a revenue increase of $1,397,132 was justified and would produce a calculated TIER of 2.63. The Stipulation reflects the compromise that was reached regarding the rate year level of right-of-way clearing expense.

With regard to Craig-Botetourt's amended rate schedules, the Stipulating Participants agreed to several structural changes, including: (1) the declining rate blocks for the Energy Delivery Charges for Schedule RS-10-U and Schedule CS-10-U, and the Demand Delivery Charges for Schedule LP-10-U would be eliminated; (2) the Electricity Supply Service Charge would be renamed "Energy Charges" for all three of the above-named schedules; (3) for Schedules RS-10-U and CS-10-U, the renamed Energy Charges would include three components: Purchase Power Demand, Purchase Power Energy, and Distribution Demand; (4) for Schedule LP-10-U, the renamed Energy Charges will include one new charge, Purchase Power Energy, and the two declining block rates eliminated from the Demand Delivery Charges would be replaced with two new components: Purchased Power Demand and Distribution Demand; and (5) two new optional Time of Use rate schedules and a new optional Green Power Rider would be created. The Stipulating Participants also agreed to a Consumer Delivery Charge of $23.00 for the Residential Service Class; $26.00 for the Commercial and Small Power Service Class; and $81.00 for the Commercial and Large Power Service Class, as recommended by Staff based on Staff's Adjusted Class Cost of Service Study, discussed in the testimony of Staff witness Gregory Abbott ("Abbott").

The Stipulating Participants further agreed that the modified rate schedules are to be representative of the Applicant's unit costs, as adjusted, and designed to recover the revenue requirement recommended in the Stipulation.

Additionally, the Stipulating Participants agreed to the changes proposed by Craig-Botetourt in its Terms and Conditions subject to the following modifications: (1) the Stipulating Participants agreed to the changes proposed by the Applicant in its Line Extension Policy except that the amount to be credited to customers in the Residential Class for a new line extension should be $3,262, as recommended by Staff witness Abbott; and (2) the Stipulating Participants agreed that the proposed Reconnection Charge (Automatic without Field Visit) should not be added to Schedule F-Fees, and the proposed Non-Permanent Connection Fee of $50.00 should be approved subject to adding a footnote to Schedule F-Fees stating that this fee does not apply to mobile homes on a permanent foundation.

The Stipulating Participants also agreed to the journal entry change related to deferred fuel and purchased power recommended by Staff witness Michaux. Lastly, the Stipulating Participants agreed that Craig-Botetourt's test year Fuel – Wholesale Power Cost Adjustment Clause revenue should be rolled into base rates and that, based on supplemental testimony of Staff witness Michaux, Craig-Botetourt's revised base rates will include $0.01129 of fuel revenue per kWh sold based on adjusted jurisdictional fuel expense of $861,087 and sales of 76,288,221 kWhs.

Finally, Mr. Pirko, counsel for Craig-Botetourt, advised that the Applicant had filed its notice to place interim rates into effect for service rendered on and after May 1, 2010. However, to facilitate administration of the rate change and mitigate confusion that might result for consumers if the increase proposed in the application were placed into effect and then subsequently lowered to the stipulated increase, Mr. Pirko moved that the Commission allow the stipulated increase of $1,397,132 to be placed into effect for service rendered on and after April 27, 2010, for which bills will be mailed the end of May.

On May 20, 2010, the Chief Hearing Examiner issued her Report in which she granted Mr. Pirko's motion to place the rates, terms and conditions, and charges set forth in the Stipulation into effect for service rendered on and after April 27, 2010, on an interim basis, in lieu of the higher rates, terms and conditions, and charges proposed in the application, until the Commission issues a final order.

Additionally, the Chief Hearing Examiner found that the Stipulation was acceptable and that the comment period to her Report should be waived. The Chief Hearing Examiner recommended that the Commission enter an order accepting the Stipulation.

NOW THE COMMISSION, upon consideration of the record in this case, the Chief Hearing Examiner's Report, and the applicable statutes, is of the opinion and finds that the jointly executed Stipulation should be accepted, and the revenue requirement stipulated to should be granted.

Accordingly, IT IS ORDERED THAT:

(1) Craig-Botetourt's application for a general increase in its electric rates is granted in part and denied in part, as set forth herein.

(2) The Stipulation presented by Craig-Botetourt and Staff is hereby accepted.

(3) Craig-Botetourt shall forthwith file revised tariffs and terms and conditions of service with the Commission's Division of Energy Regulation, in accordance with the Stipulation, within thirty (30) days from the date of this Final Order. The rates, terms and conditions, and charges so established shall be effective for service rendered on and after April 27, 2010.

(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 placed in the Commission's file for ended causes.

CASE NO. PUE-2009-00068
MARCH 24, 2010

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

ORDER GRANTING WITHDRAWAL OF APPLICATION

On July 15, 2009, Appalachian Power Company ("Appalachian" or "Company") filed an application ("Application") and supporting testimony with the State Corporation Commission ("Commission") requesting approval of two demand response programs and associated riders. Appalachian's proposal was filed pursuant to Chapters 752 and 855 of the 2009 Acts of the Virginia General Assembly, which require the Commission to approve "any demand response program proposed to be offered to retail customers" if an applicant can establish that such a program satisfies certain statutory requirements.

On August 3, 2009, the Commission issued an Order for Notice and Comment ("August Order") that required public notice and allowed the opportunity for interested persons to submit to the Commission written comments on the Application. The August Order also permitted interested persons to request a public hearing on the Application. Any persons filing requests for a hearing and expecting to participate as a respondent in such a hearing were also required to file notices of participation. The August Order further allowed the Company to respond to any filings in this matter.

Several interested persons, in addition to the applicant Appalachian, requested a public hearing in this matter. The following parties filed notices of participation as respondents: the Coalition of Demand Response Supporters; the Old Dominion Committee for Fair Utility Rates ("Committee"); Steel Dynamics, Inc.; and Wal-Mart Stores East, LP and Sam's East, Inc. ("Wal-Mart").[1] The Committee also filed a Motion for Partial Dismissal of the Application.

[1] On March 1, 2010, the Hearing Examiner granted Wal-Mart's late-filed Notice of Participation.

On November 16, 2009, the Commission issued an Order Modifying Procedural Schedule ("November Order"). The November Order granted the requests for a public hearing, with such hearing initially scheduled to begin February 23, 2010; denied, without prejudice, the Committee's Motion for Partial Dismissal; required the Company, respondents, and Staff to file testimony and exhibits; and assigned a Hearing Examiner to conduct all further proceedings in this matter. The evidentiary hearing was subsequently rescheduled to April 8, 2010, by ruling of Hearing Examiner Michael D. Thomas, dated February 19, 2010.[2]

On March 15, 2010, Appalachian filed a Motion to Withdraw Application and Terminate Proceeding ("Motion"). The Motion states, in part, that:

> Although there was a productive conversation and an exchange of information and ideas [during settlement discussions], the Company realized that it could not meet the expectations of certain of the parties for a quick resolution of the issues. Thus, the Company cannot bring a firm offer to the table in the timeframe as initially requested in its Motion for Delay. Therefore, with the goal of preserving the resources of all parties, and those of the Commission, Appalachian moves the Commission to allow it to withdraw its Application.[3]

On March 17, 2010, the Hearing Examiner entered a Report that explained the procedural history of this case, and found that:

> Good cause having been shown, . . . [Appalachian's] Motion should be granted and the April 8, 2010, hearing should be cancelled. I further find that the comment period to this Report should be waived.[4]

The Hearing Examiner's Report concludes by recommending that the Commission adopt the findings included therein and dismiss the Company's Application.[5]

NOW THE COMMISSION, having considered the Hearing Examiner's Report and the filings in this matter, is of the opinion and finds that the Report should be adopted.

Accordingly, IT IS HEREBY ORDERED THAT:

(1) Appalachian's request to withdraw its Application is granted.

(2) There being nothing further to come before the Commission, this case is dismissed, and the papers shall be placed in the Commission's file for ended causes.

[2] The original hearing date was retained for the sole purpose of allowing any public witnesses the opportunity to testify. No public witness appeared to testify concerning this matter on February 23, 2010.

[3] Motion to Withdraw at 1-2.

[4] Report at 1.

[5] *Id.* at 1-2.

CASE NO. PUE-2009-00081
MARCH 24, 2010

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

ORDER APPROVING DEMAND-SIDE MANAGEMENT PROGRAMS

On July 28, 2009, Virginia Electric and Power Company ("Virginia Power" or "Company") filed an application with the State Corporation Commission ("Commission") for approval to implement 12 new demand-side management ("DSM") programs ("Programs" or "Portfolio") and two rate adjustment clauses to recover costs associated with the DSM Programs ("Application"). The Commission must issue a final order in this matter no more than eight months from the filing date.[1]

Virginia Power identified the 12 new DSM Programs as follows:

Peak-Shaving Program:
- Air Conditioner Cycling Program

Energy Efficiency Programs:
- Commercial Distributed Generation Program (also demand response)
- Curtailment Service Program (also demand response)
- Residential Lighting Program

[1] Va. Code § 56-585.1 A 7.

- Low Income Program
- ENERGY STAR® New Homes Program
- Residential Heat Pump Tune-Up Program
- Residential Refrigerator Turn-In Program
- Heat Pump Upgrade Program
- Commercial HVAC Upgrade Program
- Voltage Conservation Program (AMI-Enabled)
- Commercial Lighting Program[2]

In addition, the Company's "implementation strategy includes the development of a reasonable Measurement & Verification ('M&V') plan to quantify the level of energy conservation that has been achieved once the Programs have been implemented."[3]

The two proposed rate adjustment clauses are Rider C1 (which would recover the cost of the peak-shaving program) and Rider C2 (which would recover the cost of the energy efficiency programs). The Company states that the "total of the[] cost components generate an annual revenue requirement of $51.4 million," and that it "is not seeking approval to recover revenue reductions related to the DSM Portfolio" in this proceeding.[4] In addition, Virginia Power estimates that the total cost of the 12 DSM Programs in its Application would be approximately $1.04 billion over the next 10 years.[5]

On August 12, 2009, the Commission issued an Order for Notice and Hearing that established the procedural requirements for this matter, scheduled a public evidentiary hearing to commence on February 16, 2010, directed Virginia Power to provide direct and published notice of this proceeding, and granted the Company a partial waiver of certain filing requirements.

The following parties filed notices of participation in this case: Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"); Robert A. Vanderhye; the Chesapeake Climate Action Network, Appalachian Voices, and Virginia Chapter of the Sierra Club; Virginia Committee for Fair Utility Rates ("Committee"); MeadWestvaco Corporation; New ERA Energy; and the Apartment and Office Building Association of Metropolitan Washington ("AOBA").[6]

On February 12, 2010, Virginia Power filed a Motion for Leave to File Supplemental Testimonies. The Company requested leave to file supplemental testimony in order to withdraw its proposed Company-wide Voltage Conservation Program from its requested DSM Portfolio in this proceeding, and to request cost recovery for an AMI demonstration project in its northern Virginia service territory (in addition to its requested cost recovery for existing AMI demonstration projects in Midlothian and Charlottesville).[7]

The Commission held a public evidentiary hearing in this matter on February 16, 17, and 18, 2010.[8] The Commission received testimony from witnesses for the participants in this proceeding and admitted over 50 exhibits into the record. The Commission also received testimony from six public witnesses. The Commission heard closing arguments on February 25, 2010.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds as follows.

Code of Virginia

Section 56-585.1 A 5 of the Code of Virginia ("Code") provides in part as follows:

> A utility may at any time, after the expiration or termination of capped rates, but not more than once in any 12-month period, petition the Commission for approval of one or more rate adjustment clauses 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

[2] Application at 4-5 (typeface modified). "AMI" stands for Advanced Metering Infrastructure, and "HVAC" stands for Heating, Ventilation, and Air Conditioning.

[3] *Id.* at 6.

[4] *Id.* at 9.

[5] *See, e.g.,* Ex. 10, Sched. 8 (Jesensky direct).

[6] During the evidentiary hearing, the Commission granted, without objection, AOBA's late-filed Notice of Participation. Tr. 11.

[7] The Company also reduced its proposed annual revenue requirement to $48.4 million.

[8] During the evidentiary hearing, the Committee moved to dismiss the Application because of the changes resulting from Virginia Power's Motion for Leave to File Supplemental Testimonies. *See, e.g.,* Tr. 31-32, 42-43. The Commission granted the Company's Motion for Leave to File Supplemental Testimonies and denied the Committee's motion to dismiss. Tr. 43-44. Virginia Power was permitted to file its supplemental testimony in the furtherance of justice (*see, e.g.,* 5 VAC 5-20-130), and no party was unduly prejudiced thereby.

> section. The Commission shall only approve such a petition if it finds that the program is in the public interest.
> . . .

Section 56-576 of the Code includes definitions for, among other things, "Demand response," "Energy efficiency program," and "Peak-shaving."

Section 56-585.1 A 7 of the Code permits the Company to defer certain costs as follows: "Any costs prudently incurred after the expiration or termination of capped rates related to other matters described in subdivisions 4, 5 or 6 shall be deferred beginning only upon the expiration or termination of capped rates. . . ."

Commission Rules

The Company also filed its Application pursuant to the Commission's Promotional Allowance Rules[9] and Cost/Benefit Rules.[10] The Cost/Benefit Rules, for example, provide as follows:

> 20 VAC 5-304-10. Purpose. The purpose of these rules is to establish the cost/benefit measures which utilities operating in Virginia must conduct to determine whether a proposed [DSM] program is cost effective and in the public interest.
>
> 20 VAC 5-304-20. Cost/benefit measures. Utility applicants shall analyze a proposed program from a multi-perspective approach using, at a minimum, the Participants Test, the Utility Cost Test, the Ratepayer Impact Measure [("RIM")] Test, and the Total Resource Cost [("TRC")] Test. Utilities may file for approval of programs individually or as a package. However, any application which includes a package of DSM programs shall also provide an analysis of the cost/benefit of each program individually.

Chapters 752 and 855 of the 2009 Acts of Assembly

In accordance with Chapters 752 and 855 of the 2009 Acts of the Virginia General Assembly ("Chapters 752 and 855"), the Commission conducted a proceeding in 2009 to consider certain matters related to cost-effective energy conservation and demand response.[11] On November 15, 2009, in compliance with Chapters 752 and 855, the Commission transmitted its report in such proceeding to the Governor and General Assembly.[12] The DSM Report stated, among other things, as follows:

> It is the opinion of the Commission that the RIM test, which focuses on the impact on customer rates, generally fits with the Commission's existing statutory mandate to ensure just and reasonable rates. However, the Commission also believes that the evidence demonstrates that the TRC test, which considers matters other than the direct impact on rates, is appropriate to consider, provided that the underlying assumptions are based on objective and verifiable data. Therefore, in evaluating programs under existing statutes, the Commission will normally apply the RIM test, the TRC test, or some combination of the two as appropriate. Consistent with the Commission's existing [Cost/Benefit] Rules, the data from the Participant and Utility Cost tests should also be explored to fully evaluate any DSM proposal.
>
> Most importantly, while the Commission has evaluated energy efficiency targets and benefits in the abstract herein as directed by its statutory mandate, any evaluation of specific utility DSM proposals, such as the programs proposed by [Virginia Power] in case number PUE-2009-00081, will be done on a case-by-case basis, applying all relevant statutory authority.
>
> In sum, consistent with our general statutory duty, the Commission will give greatest weight to the RIM test, closely followed by the TRC test and rounded out by consideration of the Participant and Utility Cost tests. Ultimately, flexibility is needed to ensure that impacts on ratepayers are fully considered along with the overall public interest.[13]

DSM Programs

We approve the following DSM Programs: Residential Lighting Program;[14] Low Income Program; Commercial HVAC Upgrade Program; Commercial Lighting Program; and Air Conditioner Cycling Program. We find that these programs, subject to the cost, temporal, and other requirements

[9] Rules Governing Utility Promotional Allowances, 20 VAC 5-303-10, *et seq.*

[10] Rules Governing Cost/Benefit Measures Required for Demand Side Management Programs, 20 VAC 5-304-10, *et seq.*

[11] *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: In the matter of determining achievable, cost-effective energy conservation and demand response targets that can realistically be accomplished in the Commonwealth through demand-side management portfolios administered by each generating electric utility identified by Chapters 752 and 855 of the 2009 Acts of the Virginia General Assembly*, Case No. PUE-2009-00023.

[12] *Commonwealth of Virginia, State Corporation Commission, Report to the Governor of the Commonwealth of Virginia and the Virginia General Assembly*, "Report: Study to Determine Achievable and Cost-effective Demand-side Management Portfolios Administered by Generating Electric Utilities in the Commonwealth Pursuant to Chapters 752 and 855 of the 2009 Acts of the Virginia General Assembly" (Nov. 15, 2009) ("DSM Report").

[13] DSM Report at 32-33.

[14] As requested by Virginia Power, "in order to allow continuity between the [Company's current compact fluorescent light ('CFL')] price reduction program and its [DSM] Program counterpart, the Residential Lighting Program," we also grant "a brief extension of the current CFL price reduction program to coincide with the April 1, 2010 deployment of the Residential Lighting Program." Application at 4 n.5.

established below, are in the public interest under § 56-585.1 A 5 of the Code. Conversely, we find that the remaining programs, as proposed and based on the record developed in this proceeding, have not been proven to be in the public interest at this time.

Consistent with the DSM Report, the Commission continues to find that we should "give greatest weight to the RIM test, closely followed by the TRC test and rounded out by consideration of the Participant and Utility Cost tests."[15] We also continue to conclude that "flexibility is needed to ensure that impacts on ratepayers are fully considered along with the overall public interest."[16] Indeed, neither the relevant statutes, nor the Commission's rules, require a formulaic analysis in evaluating the test results or the public interest in this matter.[17] Furthermore, we have considered the proposals as a portfolio and find that, while informative, a portfolio test in this case is not required by statute and shall not determine the outcome. We find, in this instance and based on the programs presented, that the analysis herein should focus on each individual proposal.

In this regard, we find that the programs not approved, under the current circumstances, have not been proven to be in the public interest as required by § 56-585.1 A 5 of the Code.[18] For example, Consumer Counsel and Staff note the low RIM scores of these programs, which also do not have significant offsetting and reliable TRC scores.[19] In addition, the costs of the Curtailment Service and Commercial Distributed Generation programs – as currently proposed – unreasonably exceed the value thereof and, as a result, are not in the public interest.[20] Moreover, the Company's proffered test results tend to be inflated in certain instances. As explained by Consumer Counsel, certain deficiencies in the Company's cost/benefit analyses "tend to overstate projected benefits of DSM programs, deemphasize potential downside risk associated with such programs, or introduce uncertainty regarding the costs and benefits for proposed programs."[21]

In addition, Consumer Counsel and Staff discuss policy and public interest factors supporting the Low Income Program in light of its low RIM score, including the public policy in Chapters 476 and 603 of the 2008 Acts of Assembly ("Chapters 476 and 603") that favors this specific type of program.[22] In this regard, Chapters 476 and 603 state as follows:

> 2. That as part of its 2009 integrated resource plan developed pursuant to this act, each electric utility shall assess governmental, nonprofit, and utility programs in its service territory to assist low income residential customers with energy costs and shall examine, in cooperation with relevant governmental, nonprofit, and private sector stakeholders, options for making any needed changes to such programs.

While approving the Low Income Program, we recognize the low RIM score for this program and are concerned that the costs allocated to this program be used efficiently to produce actual benefits for low income customers. As part of the information to be provided in the M&V reports required below, the Company shall specifically identify how – and what portion of – the costs of this program are achieving actual, verifiable improvements in the homes of low income consumers. Accordingly, the M&V reports shall specifically identify the actual value provided to low income customers under this program compared against the costs thereof.

We further note that denial of curtailment and distributed generation programs in this proceeding does not foreclose the Company's continued evaluation of these types of programs. Specifically, in Case No. PUE-2007-00089, the Commission previously approved the Company's experimental Commercial Distributed Generation/Load Curtailment Pilot for Large Non-Residential Customers ("CS/DG Pilot"), the operations of which extend through 2014. Indeed, Virginia Power has recently filed a motion in that case, which requests that it be permitted to continue reporting on the experimental CS/DG Pilot if the Commission does not approve the curtailment and distributed generation programs requested in the instant proceeding. Thus, although these programs are not approved for purposes of this case, the Company will be able to continue its CS/DG Pilot and continue gathering, analyzing, and preparing reports on the operation thereof.

We also find that, as requested by Virginia Power, the Air Conditioner Cycling Program is a peak-shaving program under §§ 56-585.1 A 5 and 56-576 of the Code.[23] Section 56-576 of the Code defines peak-shaving as "measures aimed solely at shifting time of use of electricity from peak-use periods to times of lower demand by inducing retail customers to curtail electricity usage during periods of congestion and higher prices in the electrical grid." This definition does not require the Commission to find that the Air Conditioner Cycling Program will, in all instances, shift time of use as intended

[15] DSM Report at 33.

[16] *Id.*

[17] Accordingly, we reject requests in this proceeding to implement any particular numeric formula for weighting the various tests.

[18] *See, e.g.,* Ex. 36 (Norwood direct); Ex. 42 (Sedgley direct); Ex. 43 (Carsley direct).

[19] *See id.* In contrast, Consumer Counsel and Staff explain that the Residential Lighting and Commercial Lighting Programs have relatively high TRC scores to counter their RIM values. *See, e.g.,* Ex. 36 at 20 (Norwood direct); Ex. 42 at 14 (Sedgley direct).

[20] *See, e.g.,* Ex. 43 at 8 (Carsley direct); Tr. 737-38. Staff further asserts that the RIM score of load management programs such as these typically should be higher than traditional conservation and efficiency programs. *Id.*

[21] Ex. 36 at 18 (Norwood direct). This analysis is consistent with the Commission's explanation in the DSM Report that "the TRC Test, which considers matters other than the direct impact on rates, is appropriate to consider, *provided that the underlying assumptions are based on objective and verifiable data*." DSM Report at 32 (emphasis added). *See also* Tr. 419-421.

[22] *See, e.g.,* Ex. 42 at 11-12 (Sedgley direct); Ex. 36 at 21 (Norwood direct).

[23] We do not, however, reach a conclusion on whether the Commercial Distributed Generation or Curtailment Service Programs – which certain participants assert have attributes of a peak-shaving program – should be treated as peak-shaving or as demand response programs, since we have not approved such programs in this proceeding.

but, rather, that such program is "aimed solely" at such purpose. In this regard, we find that Virginia Power has established that this program is aimed solely at shifting time of use as defined in the statute.[24]

Next, as reflected in the supplemental testimony filed by the Company, Virginia Power is no longer asking the Commission to approve a Company-wide Voltage Conservation Program but, rather, to approve cost recovery for three AMI-enabled voltage conservation demonstration projects. The Company asserts that the Commission may approve, under § 56-585.1 A 5 c of the Code, cost recovery for the three demonstration projects as "design" costs for a Voltage Conservation Program that has not been approved.[25] That statute, however, explicitly states that the Commission shall grant approval if the Commission "finds that the *program* is in the public interest."[26] Accordingly, we will not approve design costs for a program that has yet to be found in the public interest.

The Company also states that the three AMI-enabled demonstration projects do not require Commission approval prior to implementation – only that approval is needed for cost recovery thereof.[27] In addition, Virginia Power states that it (1) has deferred demonstration project costs (which the Company designates as program design costs herein) under § 56-585.1 A 7 of the Code, and (2) will continue to do so even if the Commission does not approve the demonstrations as part of this case.[28] As a result, if the Company continues with its demonstration projects, it may obtain recovery of its deferred costs in one or more future rate proceedings if it can satisfy the statutory requirements attendant thereto.[29]

Furthermore, we conclude that the DSM Programs approved herein are in the public interest subject to the following requirements. First, these programs are approved for a period to expire on March 31, 2013. Second, these programs are approved subject to the following cost limits for expenditures through March 31, 2013: (1) $27.4 million for the Low Income Program; (2) $15.4 million in total for the two commercial programs (Commercial Lighting and Commercial HVAC Upgrade Programs); and (3) $59.5 million in total for the two residential programs (Residential Lighting and Air Conditioner Cycling Programs).[30] Third, the Company shall file detailed M&V reports in this proceeding, with service on Staff and all parties to this case, every six months beginning October 1, 2010.

In addition, we note that the Company's proposed common costs (through March 31, 2013) have been allocated among the three cost limitations set forth above. The Company shall maintain strict and detailed identification and accounting of its common costs for the approved DSM Programs for purposes of this and future DSM proceedings.[31] Moreover, such costs shall be scrutinized to ensure that such expenditures are closely and definitely related to the programs approved herein and are not used, for example, to serve general marketing or public relations purposes.

Finally, Virginia Power shall implement its commitment, as discussed during the hearing, to coordinate with the participants in this case and other interested parties in evaluating the M&V results and in developing further DSM Program proposals.[32] For example, if the M&V data establishes that a program is not performing as expected, the Company and the participants to this case should address modifications to, or removal of, such program. These M&V reports, among other things, will provide significant information for purposes of subsequent evaluations as to whether certain programs warrant continuation thereof. Accordingly, we find that the M&V reports should be filed in this DSM proceeding.

Riders C1 and C2

Based on our findings herein, the Company's revised annual revenue requirement of $48.4 million is further reduced to approximately $28.1 million.[33] The Company shall file Riders C1 and C2 to comply with the findings herein. These Riders shall become effective for service rendered on and after May 1, 2010.

Accordingly, IT IS ORDERED THAT:

(1) Virginia Power's proposed DSM Programs are approved or denied as set forth herein.

(2) The Company shall forthwith file with the Commission's Division of Energy Regulation revised Riders C1 and C2, with supporting workpapers, which reflect the findings and requirements set forth herein.

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[24] *See, e.g.,* Tr. 747-52.

[25] *See, e.g.,* Tr. 766.

[26] Va. Code § 56-585.1 A 5 c (emphasis added).

[27] *See, e.g.,* Tr. 765.

[28] *See, e.g.,* Tr. 767.

[29] Moreover, as noted above the Company currently has existing AMI demonstration projects in Midlothian and Charlottesville, in addition to its contemplated demonstration project in its Northern Virginia service territory. Thus, Virginia Power currently has AMI technology in place in Midlothian and Charlottesville, which could be used by the Company to conduct pilot programs demonstrating the use of dynamic pricing (*i.e.*, time-of-use) rate schedules. *See, e.g.,* Tr. 697-98.

[30] *See, e.g.,* Ex. 4 at 1 (Filing Schedule 46B, Supp. Page 1 of 9); Ex. 51; Ex. 12 at 11 (Jesensky Supp. Sched. 7). Each of these three cost limitations may be exceeded by a maximum of 5% without being in violation of this Order.

[31] This information shall also be included in the M&V reports required above.

[32] *See, e.g.,* Tr. 523.

[33] The new estimated revenue requirement also reflects, as required by prior order in this matter, a reduction in return on common equity from 14.0% (as contained in the Company's Application) to 11.3%, and utilization of the Company's overall cost of capital to gross-up operation and maintenance expenses.

(3) Riders C1 and C2 as approved herein shall become effective for service rendered on and after May 1, 2010.

(4) On or before August 1, 2010, the Company shall file its application to continue Riders C1 and C2.

(5) This matter is continued.

CASE NO. PUE-2009-00082
MAY 18, 2010

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For Approval to Participate in a Renewable Energy Portfolio Standard Program Pursuant to Va. Code § 56-585.2

FINAL ORDER

On July 28, 2009, Virginia Electric and Power Company ("Dominion Virginia Power" or "Company") filed with the State Corporation Commission ("Commission") an Application seeking approval to participate in a renewable energy portfolio standard ("RPS") program ("Application"), pursuant to § 56-585.2 B of the Code of Virginia ("Code").

Section 56-585.2 B of the Code provides that any investor-owned incumbent electric utility may apply to the Commission for approval to participate in an RPS program. The statute requires that the Commission approve such an application if a utility applicant demonstrates that it has a reasonable expectation of achieving 12 percent of its base year electric energy sales from renewable energy sources during calendar year 2022, and 15 percent of its base year electric energy sales from renewable energy sources during calendar year 2025.

In its Application, Dominion Virginia Power states that the Application represents the Company's initial filing for approval of its RPS Plan. Dominion Virginia Power advises that it is not asking the Commission to decide whether the Company is entitled to cost recovery as permitted by § 56-585.2 of the Code at this time, although it anticipates that it will make cost recovery RPS filings in the future.[1] Dominion Virginia Power also states that it seeks a means to retain flexibility in implementing its plan. The Company proposes "that it be permitted to make changes to how it will meet the RPS Goals under the Plan and to provide administrative updates regarding material changes to the Commission Staff."[2]

Section 56-585.2 D of the Code authorizes electric utilities to participate in RPS programs with voluntary RPS Goals commencing in 2010.[3] The Company states that it will use existing renewable sources, develop new renewable energy generation facilities where feasible, and purchase renewable energy certificates ("RECs") as part of its RPS Plan in order to achieve the RPS goals.[4]

The Company also applies the renewable energy produced by contracts with non-utility generators ("NUGs") to meet the RPS Goals.[5] Section 56-585.2 F of the Code states that "[a] utility participating in such program shall apply towards meeting its RPS Goals any renewable energy from existing renewable energy resources owned by the participating utility or purchased as allowed by contract at no additional cost to customers to the extent feasible."[6] Dominion Virginia Power advises that it interprets § 56-585.2 F of the Code as "requiring the Company to apply renewable energy purchased from NUGs at ratepayer expense to be applied to RPS Goals, with the apparent benefit of no additional cost to ratepayers."[7] However, the Company advises that most of its NUG contracts are silent as to the renewable attributes of generation. The Company takes the position that such contracts include all aspects of that energy, including the renewable attributes.[8] Dominion Virginia Power advises that if the Commission determines that the Company may not apply

[1] Dominion Virginia Power's Application at 4.

[2] *Id*. at 11.

[3] The RPS Goals are set out in § 56-585.2 D of the Code:

> RPS Goal I: In calendar year 2010, 4 percent of total electric energy sold in the base year.
>
> RPS Goal II: For calendar years 2011 through 2015, inclusive, an average of 4 percent of total electric energy sold in the base year, and in the year 2016, 7 percent of total electric energy sold in the base year.
>
> RPS Goal III: For calendar years 2017 through 2021, inclusive, an average of 7 percent of total electric energy sold in the base year, and in calendar year 2022, 12 percent of total electric energy sold in the base year.
>
> RPS Goal IV: For calendar years 2023 and 2024, inclusive, an average of 12 percent of total electric energy sold in the base year, and in calendar year 2025, 15 percent of total electric energy sold in the base year.

[4] Dominion Virginia Power's Application at 4.

[5] *Id*. at 5-6.

[6] Va. Code § 56-585.2 F.

[7] Dominion Virginia Power's Application at 7.

[8] *Id*.

towards meeting its RPS Goals the renewable energy generated by NUGs, then the Company will need to purchase approximately 5.5 million cumulative additional RECs between 2010 and 2025, with a total ratepayer net present value of $2.5 million to make up the difference.[9]

On August 26, 2009, the Commission issued an Order for Notice and Comment providing for notice to the public and an opportunity for filing comments and requests for a hearing on Dominion Virginia Power's Application. Pursuant to the August 26, 2009 Order for Notice and Comment, Notices of Intent to Participate were filed by the Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel"); the Virginia Committee for Fair Utility Rates ("VCFUR"); and MeadWestvaco, International Paper, Smurfit-Stone Container, and Georgia Pacific, collectively identified as the VA Pulp & Paper Manufacturers Commenters ("VPPM").

Comments were filed by the Consumer Counsel and VPPM on October 16, 2009. Consumer Counsel supports Commission approval of the Company's participation in an RPS program, but makes recommendations regarding Dominion Virginia Power's procurement of RECs. Among other things, VPPM recommends that for all electricity produced using biomass claimed under the RPS program, the Commission should require: (1) an inventory of the type of biomass fuel and amount of each type of biomass fuel used; and (2) that the inventory information should be documented to identify such biomass as "merchantable or non-merchantable material as required by Section 56-585.2 F and to follow the custody of ownership of the resource."[10] VPPM asserts that the only way for the Commission and rate payers to know whether incentive payments are being awarded for activities sanctioned by the statute, with regard to the use of biomass, is to have sufficiently detailed information on the biomass types and amounts used by the utilities.

On November 20, 2009, the Staff of the State Corporation Commission ("Staff") filed a Report detailing its investigation of the Application and stating its conclusions about the Company's proposal. The Staff notes that § 56-585.1 D of the Code states that "[n]othing in this section shall preclude the Commission from determining, during any proceeding authorized or required by this section, the reasonableness or prudence of any cost incurred or projected to be incurred, by a utility in connection with the subject of the proceeding . . . ."[11] The Staff recommends that the Commission approve the Company's Application to participate in the voluntary RPS program, because, in Staff's opinion, Dominion Virginia Power has demonstrated that it has a reasonable expectation of reasonably and prudently achieving the RPS Goals.[12] The Staff also notes that Dominion Virginia Power is not seeking cost recovery of its RPS programs at this time. Therefore, the Staff advises that it is not necessary to determine that the ultimate costs of the Company's RPS programs are reasonable and prudent until actual costs are known and an application for cost recovery is filed.

Regarding Dominion Virginia Power's assertion that the Company would consider calling upon Dominion Resources, Inc.'s ("DRI") renewable energy resources as a backstop to attain the RPS goals in its voluntary RPS program, the Staff notes that the Company did not provide a cost estimate for this potential affiliate transaction. The Staff recommends that the purchase price be set at the lower of market value or cost.[13]

The Staff also raises a concern about the recovery of incremental costs related to new renewable energy facilities pursuant to § 56-585.2 C of the Code. Indeed, the Staff notes that the Integrated Resource Plan ("IRP") filed by Dominion Virginia Power on September 9, 2009, in Case No. PUE-2009-00096 calls for approximately 200 MW of wind energy capacity and 100 MW of biomass energy capacity to be constructed and in-service by 2017; but that these new facilities are not included in Dominion Virginia Power's cost estimates for the RPS plan.[14] The Staff asserts that:

> The purpose of the IRP proceeding is to determine the lowest reasonable cost and resource mix to meet the Company's energy needs over time. It could be argued that if the renewable facilities are approved in the IRP proceeding, then the incremental costs of these facilities with regard to meeting the RPS goals would be zero. In Staff's opinion, it would be inappropriate to recover all the construction costs of these potential future renewable facilities through the RPS plan. These renewable facilities will also produce energy and capacity. Only the incremental costs associated with meeting the RPS Goals should be allowed to be recovered through future RPS cost recovery filings. The remainder of the costs of these facilities should be recovered through base rates.[15]

On October 28, 2009, Dominion Virginia Power filed its Response to the Comments of the Consumer Counsel and VPPM.

On December 4, 2009, Dominion Virginia Power filed its Response to the Staff Report. With respect to the concerns raised by the Staff regarding the recovery of costs under the RPS plan, Dominion Virginia Power asserts in its Comments that the Company has not sought cost recovery for its RPS plan, and argues that therefore, the facts and issues necessary to make such determinations are not before the Commission.[16] The Company requests that the Commission refrain from making a ruling on this issue.[17]

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[9] *Id.*

[10] VPPM's Oct. 16, 2009 Comments at 2.

[11] Va. Code § 56-585.1 D.

[12] Staff's Nov. 20, 2009 Report at 10.

[13] *Id.* at 8.

[14] *Id*. at 7.

[15] *Id*. at 14.

[16] Dominion Virginia Power's Response to Staff Report at 14.

[17] *Id*. Dominion Virginia Power does, however, take issue with the Staff's assertion that the purpose of the RPS proceeding and future RPS cost recovery proceedings is to determine the least cost alternative for meeting the RPS goals. Citing § 56-585.2 F of the Code, the Company advises that the standard involves reasonable cost, which "is not necessarily the same as lowest cost alternative." *Id.* at 13. We note that the actual standard in Subsection F of Va. Code § 56-585.2 for cost recovery of new renewable energy supplies necessary to meet RPS goals is at "reasonable cost" and in a "prudent manner." We do not need to rule at this time on Staff's equation of this standard to a "least cost" renewable standard. However, in future proceedings seeking cost recovery

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Application should be granted.

Section 56-585.2 B of the Code directs that the "Commission shall approve such application if the applicant demonstrates that it has a reasonable expectation of achieving 12 percent of its base year electric energy sales from renewable energy sources during calendar year 2022, and 15 percent of its base year electric energy sales from renewable energy sources during calendar year 2025, as provided in subsection D." Based on the information submitted by the Company in this case, we find that the Company has demonstrated that it has a reasonable expectation of achieving 12 percent of its base year electric energy sales from renewable energy sources during calendar year 2022, and 15 percent of its base year electric energy sales from renewable energy sources during calendar year 2025.

Section 56-585.2 F of the Code states that a "participating utility shall be required to fulfill any remaining deficit needed to fulfill its RPS Goals from new renewable energy supplies at reasonable cost and in a prudent manner to be determined by the Commission at the time of approval of any application made pursuant to subsection B."[18] Any finding of reasonableness and prudence under this subsection is limited to costs and sources specifically before the Commission in this case. Dominion Virginia Power in fact requests that the Commission refrain from making any such ruling because the Company is not seeking cost recovery for its RPS plan. Approval herein does not encompass costs for presently unknown renewable projects or sources, as it is literally impossible to make findings of fact about information that has yet to be submitted to this Commission. Approval herein also does not represent approval of any particular treatment of RECs. Rather, as discussed by the Company, the Commission will subsequently determine - in one or more future cases - the reasonableness of Dominion Virginia Power's future treatment of RECs, along with the ratemaking implications resulting therefrom. In sum, the Commission will review all projects and expenditures and related costs at the appropriate time and only after such review will customers be subject to any appropriate rate adjustments.

With respect to NUGs, the Company has advised that most of its NUG contracts are silent as to the renewable attributes of generation. Dominion Virginia Power correctly points out that § 56-585.2 F of the Code specifically requires a participating utility to apply towards meeting its RPS Goals "any renewable energy from existing renewable energy sources owned by the participating utility *or purchased as allowed by contract* at no additional cost to customers to the extent feasible."[19] We interpret this to mean that if the Company opts to participate in a voluntary RPS program pursuant to § 56-585.2 of the Code, then the Company is required by this statute to: (1) determine the amount of energy derived from renewable sources that it is purchasing through NUG contracts; and (2) apply this amount toward meeting its RPS goals. If the Company asserts that making this determination is not feasible in a particular circumstance, we will examine that circumstance when the Company raises such a concern.

With respect to the 1.5 million ton restriction for tree-based materials contained in § 56-585.2 F of the Code, there are currently two companies participating in RPS programs: Appalachian Power Company ("APCo") and Dominion Virginia Power, following approval of its Application herein. In APCo's 2008 application pursuant to § 56-585.2 of the Code, APCo's approved 2007 jurisdictional base year energy sales, net of nuclear generation, was determined to be 15,276,000 MWh.[20] In its Application in this proceeding, Dominion Virginia Power reports its 2007 jurisdictional base year energy sales as 43,318,649 MWh. Therefore, as long as there are only two utilities participating in RPS programs under § 56-585.2 of the Code, Dominion Virginia Power's pro-rata share of the 1.5 million tons per year is 73.929%, or 1,108,940 tons. Upon approval of applications of other utilities for participation in RPS programs, this annual allocation may change.

Finally, although we have found that an evidentiary hearing is not required herein, we note that our approval of the Application does not necessarily serve as precedent for future applications under this statute.

Accordingly, IT IS ORDERED THAT:

(1) Dominion Virginia Power's Application seeking approval to participate in a renewable energy portfolio standard program, pursuant to § 56-585.2 B of the Code, is hereby granted as set forth above.

(2) There being nothing further to come before the Commission in this proceeding, this matter is dismissed and the papers herein placed in the Commission's file for ended causes.

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for renewable resources necessary to meet RPS goals, a comparison of the costs of the resources for which cost recovery is requested versus other available resources, both renewable and non-renewable, as well as the impact on ratepayers, which may include whether specific power and capacity are needed, may be relevant in determining reasonableness and prudence. As we stated in our final order in Case No. PUE-2009-00038, "[T]he General Assembly could – but has not – set forth a policy of encouraging renewable energy at *any* price, no matter how burdensome the impact on consumers." *Application of Appalachian Power Co., To revise its fuel factor pursuant to Va. Code § 56-249.6.*, Case No. PUE-2009-00038, Order Establishing Fuel Factor (August 3, 2009) (emphasis in original). Nor has the General Assembly directed that renewable energy be added under *any* set of circumstances.

[18] Va. Code § 56-585.2 F.

[19] Va. Code § 56-585.2 F (emphasis added).

[20] *See Application of Appalachian Power Company, For Approval to Participate in the Virginia Renewable Energy Portfolio Standard Program*, 2008 S.C.C. Ann. Rept. 466, Final Order (Aug. 11, 2008); Consumer Counsel's May 1, 2008 Comments at Attachment 2 in Case No. PUE-2008-00003.

CASE NO. PUE-2009-00083
SEPTEMBER 24, 2010

PETITION OF
JAMES C. PEARCE
v.
WASHINGTON GAS LIGHT COMPANY

For review of a billing dispute for gas service

FINAL ORDER

On July 26, 2009, James C. Pearce ("Mr. Pearce" or "Petitioner") filed a formal complaint ("Complaint") with the State Corporation Commission ("Commission") against Washington Gas Light Company ("WGL" or "Company") for review of a billing dispute between the Petitioner and WGL. In his Complaint, Mr. Pearce challenged the amount of his February 2009 bill, which included charges for his gas usage in January 2009 together with "catch up" charges for the months of November 2008 and December 2008.[1] Mr. Pearce also questioned the accuracy of his meter and the methods used by WGL to test the meters.[2] The Company filed its response ("Response") to the Petitioner's Complaint on May 18, 2010.[3] In this Response, the Company maintained that the Petitioner's February 2009 bill correctly included usage for January 2009 and for gas previously used, but not yet billed, in November 2008 and December 2008.[4] The Company also asserted that the Petitioner's meter accurately recorded usage during the disputed periods and that the Company's meter testing procedures were consistent with the Gas Measurement and Meter Test Standards and Practices for Gas Distribution Utilities in Virginia ("Virginia Meter Testing Standards").[5]

On April 22, 2010, the Commission issued an Order Appointing Hearing Examiner, and in a Hearing Examiner's Ruling dated June 2, 2010, the Hearing Examiner scheduled a public hearing for July 14, 2010.

The hearing was convened as scheduled. At the conclusion of the hearing, Mr. Pearce indicated that he continued to believe the meter on his residence at the end of 2008 and the beginning of 2009 was inaccurate and that he had been overbilled. He asked that the Company be required to refund him the excessive amount he was both billed and forced to pay to avoid having his gas service disconnected.[6] He also indicated that he would like the Company's procedures for responding to complaints of overbilling and defective meters to be reviewed and overseen by a third party. In particular, he believed that the Company's poor system of communication for dealing with customer usage and billing complaints should be reviewed and improved.[7] At the conclusion of the hearing, the Company again maintained that it tested the Petitioner's meter using meter testing equipment that was consistent with Virginia Meter Testing Standards, that the Petitioner's meter was found to be functioning properly, and that, therefore, the Company should not be held responsible for the increase in gas usage the Petitioner saw during the disputed period.[8]

On August 18, 2010, the Report of A. Ann Berkebile, Hearing Examiner ("Report" or "Hearing Examiner's Report") was issued. In her Report, the Hearing Examiner summarized the record and noted that the evidence presented in the case does not support the initiation of a wholesale investigation or review of the Company's billing or complaint procedures at this time. The Hearing Examiner further cautioned that a pervasive problem with respect to the Company's procedures for responding to complaints could lead to formal review.

The Hearing Examiner found that:

(1) The Petitioner's request for a Commission order requiring the Company to issue a refund should be denied;

(2) The Petitioner's request for a Commission order requiring an investigation or review of the Company's billing and complaint procedures should be denied; and

(3) The Petitioner's request for a Commission order requiring a review and modification of the Company's meter testing procedures should be denied.

The Hearing Examiner recommended that the Commission enter an order adopting the findings in her Report and dismissing the complaint from the Commission's docket of active proceedings.

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[1] Exhibit 4. The disputed bill was based on gas usage that was over three times greater than the amount of gas his family used on average during the same months in the previous five years. *Id*.

[2] *Id*.

[3] Exhibit 5. Along with its Response, the Company filed a Motion of Washington Gas Light Company to Accept Filing Out-of-Time, which was granted by the Hearing Examiner on June 2, 2010.

[4] *Id.*

[5] *Id*.

[6] Tr. at 164-166.

[7] *Id.* at 166-168.

[8] *Id.* at 171-173.

On September 7, 2010, WGL filed the Comments of Washington Gas Light Company on the Report of the Hearing Examiner, in which it agreed with and accepted the findings of the Hearing Examiner's Report.[9] Mr. Pearce did not file any comments on the Report.

NOW THE COMMISSION, having considered the complaint, the record herein, the Hearing Examiner's Report, and the comments thereon, is of the opinion and finds that the recommendations of the Hearing Examiner are supported by the record and should be adopted.

The record in this matter demonstrates that the Company tested the Petitioner's meter on June 29, 2009, and that the meter tested within acceptable limits and did not require repair. The record also demonstrates that the meter testing equipment was appropriate and that the meter testing procedure was performed in accordance with the Virginia Meter Testing Standards. As such, we are unable to conclude that the level of gas usage at issue in this matter is the result of faulty equipment or of WGL's employees' or agents' activities.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the August 18, 2010 Hearing Examiner's Report are adopted.

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

[9] Comments of Washington Gas Light Company on the Report of the Hearing Examiner at 1.

CASE NO. PUE-2009-00084
JULY 30, 2010

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

In re: Establishing pilot programs to develop certain rate structures for renewable generation facilities

ORDER ESTABLISHING PILOT PROGRAMS

During its 2009 Session, the General Assembly passed Chapter 816 of the 2009 Virginia Acts of Assembly ("Chapter 816"), an uncodified enactment, directing the State Corporation Commission ("Commission") to conduct a proceeding to establish two types of pilot programs for certain customers of electric utilities that generate electricity from renewable generation facilities. The first type of pilot program is intended to address dynamic rates for power purchases by eligible customers ("Pilot 1"); the second type is intended to address dynamic rates at which participating customers can sell electricity to a participating utility ("Pilot 2") (collectively, the "Pilot Programs" or "Programs"). As defined by § 1 of Chapter 816, the purpose of the Programs is:

> to determine the feasibility, and the implications on the public interest, of making specific rate structures available to the participating utilities' customers that generate electricity on-site with renewable generation facilities, or that generate electricity at off-site renewable generation facilities that have a rated capacity to generate not more than five megawatts from falling water and are located within six miles of the nonresidential customer, connected on the customer's side of the meter.

In establishing the Pilot Programs, Chapter 816 further directs the Commission to determine the scope of the Programs, establish thresholds for participation, and establish requirements relating to the implementation of the Pilot Programs.

On August 19, 2009, the Commission issued its Order for Notice and Comment ("Order") that, among other things, docketed the matter, established a procedural schedule, directed Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power") and Appalachian Power Company ("APCo") to file written comments concerning the issues in the proceeding and directed the Staff of the Commission ("Staff") to review the comments and file a report thereon ("Staff Report"). In accordance with the Order, Dominion Virginia Power and APCo filed comments in this proceeding on October 23, 2009.

In its comments, Dominion Virginia Power first asserted that it should be exempt from the provisions of Chapter 816 because it had applied for Commission approval of dynamic pricing tariffs that satisfy the requirements of Chapter 816 in Case No. PUE-2009-00019.[1] The Company further stated that its existing and proposed Virginia Rate Schedule 19, "Power Purchases from Cogeneration and Small Power Production Qualifying Facilities," per Case Nos. PUE-2007-00034[2] and PUE-2008-00078,[3] allows it to be exempt from participation in this proceeding and from implementing the Pilot Programs pursuant to § 2 of Chapter 816.

[1] *Application of Virginia Electric and Power Company, For a 2009 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-2009-00019 (Amended Filing of Virginia Electric and Power Company, Direct Testimony, Exhibits and Schedules, filed July 24, 2009).

[2] *Application of Virginia Electric and Power Company, To revise its cogeneration tariff pursuant to PURPA Section 210,* Case No. PUE-2007-00034, Order of Approval (May 25, 2007).

[3] *Application of Virginia Electric and Power Company, Notification to the Commission of election to abandon the Company's bidding program and application to revise its cogeneration tariff pursuant to PURPA Section 210*, Case No. PUE-2008-00078, Final Order (May 18, 2010).

Dominion Virginia Power also asserted that if it were not found to be exempt, the Pilot 1 requirements outlined in Chapter 816 are satisfied by the dynamic pricing tariffs proposed for Commission approval in Case No. PUE-2009-00019, including proposed tariffs CPP and DP-R (applicable to residential customers), as well as DP-1, DP-2, DP-3, and DP-4 (applicable to non-residential customers). Similarly, if no exemption was granted, Dominion Virginia Power claimed that the Pilot 2 requirements are satisfied by its existing and proposed Virginia Rate Schedule for small generators.

In its comments, APCo asserted that the scope of the Pilot Programs should be based on a consideration of four factors: (i) the characteristics of the customers who will participate; (ii) clear yet flexible parameters established by the Commission; (iii) dynamic pricing elements already used by APCo and its affiliates; and (iv) the use of PJM Interconnection's ("PJM") Locational Marginal Pricing ("LMP") for the AEP Zone within the dynamic pricing design. APCo stated that it has a number of pricing structures and programs in place with varying degrees of dynamic pricing elements and anticipates that any new dynamic pricing pilot programs proposed for its Virginia customers could build upon already-established pricing principles. APCo recommended that, initially, participation in the Programs be limited to five to seven customers with properly certified renewable generation facilities. APCo stated that it will require at least six months to implement the Programs.

On November 19, 2009, the Staff filed a Motion to Modify Procedural Schedule which the Commission granted in its Order Modifying Procedural Schedule issued on December 2, 2009 ("Modifying Order"). In accordance with the revised procedural schedule in the Modifying Order, the Staff filed its Staff Report on February 16, 2010.

The Staff Report noted that Dominion Virginia Power's dynamic pricing tariffs are not currently approved by the Commission, but that if the Commission did approve these tariffs, there would be no need for the company to have a dynamic pricing pilot program.[4] The Staff also expressed that if the proposed dynamic pricing schedules are not approved by the Commission, then the dynamic pricing methodology could form the basis for a dynamic pricing pilot program.[5] In that situation, the Staff stated it would recommend that Dominion Virginia Power develop updated rates for the dynamic pricing tariffs CPP, DP-R, DP-1, DP-2, DP-3, and DP-4, reflecting the revenue requirement and revenue apportionment that the Commission approves in Case No. PUE-2009-00019.[6] The Staff proposed a limit of ten to fifteen percent customer participation for each rate class in such a pilot program.[7] The Staff also suggested, as an alternative, that Dominion Virginia Power offer the dynamic pricing schedules to all customers on a voluntary basis as it had proposed to do in Case No. PUE-2009-00019, with the appropriate revenue adjustments.[8]

Regarding APCo, the Staff Report noted that any dynamic pricing pilot program should be defined broadly and made the following recommendations: (i) that APCo develop voluntary Pilot Programs that offer dynamic pricing on an hourly and monthly basis; (ii) that APCo structure its dynamic pricing Pilot Programs around the AEP Zone LMP as published by PJM; (iii) that APCo's Pilot Programs be limited to its non-residential rate classes; and (iv) that participation in APCo's Pilot Programs be limited to ten to fifteen percent of the customers that have properly certificated renewable generation facilities.[9]

In Case No. PUE-2009-00019, Dominion Virginia Power proposed dynamic pricing tariffs CPP and DP-R (applicable to residential customers), as well as DP-1, DP-2, DP-3, and DP-4 (applicable to non-residential customers). However, on November 5, 2009, Dominion Virginia Power and other parties filed a Stipulation and Recommendation ("Stipulation") in that proceeding, which states in pertinent part: "There is to be no increase in currently approved and effective base rates and no change in any rates . . . terms or conditions of standard tariff offerings until the first biennial review pursuant to Va. Code § 56-585.1."[10] Further, on February 26, 2010, Dominion Virginia Power and other parties filed an Addendum and Modification of Stipulation and Recommendation ("Addendum"), which states in pertinent part: "There will be no base rate adjustment prior to December 1, 2013, except upon a determination that emergency rate relief is warranted, as authorized under Va. Code § 56-245. This Paragraph modifies the provisions of Paragraph 1 of the Stipulation only in that it extends the base rate freeze until December 1, 2013."[11] On March 11, 2010, the Commission issued its Order Approving Stipulation and Addendum in that case, adopting both the Stipulation and Addendum in total.[12] Accordingly, Dominion Virginia Power's proposed dynamic pricing tariffs CPP, DP-R, DP-1, DP-2, DP-3, and DP-4 have not been adopted by the Commission.

In accordance with the Modifying Order, Dominion Virginia Power filed its response ("Response") to the Staff Report on March 23, 2010, as well as a motion to supplement response to Staff Report ("Motion"). In its Motion, Dominion Virginia Power requested sixty (60) days to consider how it will offer the Pilot Programs to customers who would have been eligible to participate in the proposed CPP, DP-R, DP-1, and DP-2 tariffs had they been approved in Case No. PUE-2009-00019, as well as to allow sufficient time to receive a decision in Case No. PUE-2009-00081 and make any necessary adjustments to the Pilot Programs in light of that Commission decision.[13] Dominion Virginia Power also asserted in its Motion and Response that its current

[4] Staff Report at 7.

[5] *Id.*

[6] *Id.*

[7] *Id.*

[8] *Id.*

[9] *Id.* at 7-8.

[10] Stipulation, Paragraph (1).

[11] Addendum, Paragraph (12).

[12] *Application of Virginia Electric and Power Company, For a 2009 statutory review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A 5 of the Code of Virginia,* Case No. PUE-2009-00019, Order Approving Stipulation and Addendum, Ordering Paragraph (1) (Mar. 11, 2010).

[13] *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, Order Approving Demand-Side Management Programs

Rate Schedule 10 meets the requirements of Pilot 1 and, further, continued to assert that the Pilot 2 requirements outlined in Chapter 816 are satisfied by its existing and proposed Virginia Rate Schedule 19 for small generators.[14] APCo did not file a response to the Staff Report.

On April 22, 2010, the Commission issued its Order Granting Motion to Supplement Staff Report, which directed Dominion Virginia Power to file its supplemental response to the Staff Report on or before May 21, 2010. Pursuant to this order, Dominion Virginia Power filed its Supplemental Response to Staff Report ("Supplemental Response") on May 21, 2010.

In its Supplemental Response, Dominion Virginia Power proposes to offer three experimental dynamic pricing tariffs to meet the requirements of Pilot 1: DP-R (applicable to residential customers) and DP-1 and DP-2 (applicable to non-residential customers). Dominion Virginia Power asserts that its large general service Rate Schedule 10 currently meets the requirements for dynamic pricing rates for both of its large general service customer classes.[15] Dominion Virginia Power proposes to limit participation in Pilot 1 to customers that have either an internal data recorder meter ("IDR") or Advanced Metering Infrastructure ("AMI") meter already installed at their service location, making three percent, six percent, and eighteen percent of the residential, small general service, and intermediate general service populations, respectively, eligible for participation.[16] Dominion Virginia Power proposes to file its experimental dynamic pricing tariffs with the Commission no later than September 30, 2010.

Dominion Virginia Power further asserts in its Supplemental Response that the requirements of Pilot 2 are satisfied by its current Virginia Rate Schedule 19 for small generators. Under Rate Schedule 19, energy payments for each hour are calculated using the hourly $/MWh PJM Dominion Zone Day Ahead LMP. According to Dominion Virginia Power, payments for capacity to small generators are based upon the generator's net hourly on-peak generation, and the small generator is paid for such generation at prices based on the clearing results from PJM's Base Residual Auction for the Dominion Zone.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that Dominion Virginia Power and APCo, as the two investor-owned utilities with the largest number of customers in the Commonwealth, should establish Pilot Programs under which eligible customers/renewable generators that volunteer to participate are provided the ability to purchase and sell electricity to the participating utility at dynamic rates. The Pilot Programs shall be subject to the conditions outlined below.

First, we find that Dominion Virginia Power's proposed experimental dynamic pricing tariffs DP-R, DP-1, and DP-2 satisfy the requirements for Pilot 1 established in Paragraph 1 of § 1 of Chapter 816.

Second, we find that tariffs DP-R, DP-1, and DP-2 should be filed with the Commission by Dominion Virginia Power no later than September 30, 2010.

Third, we find that Dominion Virginia Power's Pilot 1 should be limited to customers who have either an IDR meter or AMI meter or who have AMI installed during the period of the Pilots.

Fourth, we find that Dominion Virginia Power's current Rate Schedule 10 satisfies the requirements for Pilot 1 established in Paragraph 1 of § 1 of Chapter 816 for large general service customers.

Fifth, we find that the requirements for Pilot 2 established in Paragraph 2 of § 1 of Chapter 816 are satisfied by Dominion Virginia Power's Virginia Rate Schedule 19 for small generators and, therefore, Dominion Virginia Power should be exempt from implementing Pilot 2 in accordance with § 2 of Chapter 816.

Sixth, we find that APCo should develop voluntary Pilot Programs that offer dynamic pricing on an hourly and monthly basis.

Seventh, we note that § 3 of Chapter 816 provides that if a participating utility is a member of a regional transmission entity that supports an active market for energy and capacity, then "the energy and capacity prices related to that market may be used as surrogates for the marginal or avoided energy and capacity costs" for purposes of § 1 of this act. Accordingly, we find that APCo should structure its Pilot Programs around the AEP Zone LMP as published by PJM.

Eighth, we find that APCo's Pilot Programs should be limited to its non-residential rate customers.

Ninth, we find that participation in APCo's Pilot Programs should be limited to ten to fifteen percent of the customers that have properly certificated renewable generation facilities.

Tenth, we find that within sixty (60) days of the entry of this order, APCo should file with the Commission the details of its Pilot Programs. Such filing should include tariff sheets describing the terms and conditions for participation in each of the Pilot Programs and APCo's proposed effective date for implementation. The Commission will rule on APCo's proposal by a subsequent order.

(Mar. 24, 2010) (approving certain demand-side management programs proposed by Dominion Virginia Power and two rate adjustment clauses designed to recover the costs of the approved programs).

[14] The proposed Virginia Rate Schedule 19 has since been approved. *See Application of Virginia Electric and Power Company, Notification to the Commission of election to abandon the Company's bidding program and application to revise its cogeneration tariff pursuant to PURPA Section 210*, Case No. PUE-2008-00078, Final Order (May 18, 2010).

[15] Large general service customers are those whose demand exceeds 500 kilowatts.

[16] In the event that additional AMI meters are installed in Dominion Virginia Power's territory during the period of the Pilot Programs, the company states that customers at those service locations would also be eligible to participate.

Finally, we find that Dominion Virginia Power and APCo should each submit an annual report to the Commission each year that the Pilot Programs are in effect that includes, but is not limited to, the number of participants in the Programs, an assessment of the feasibility and implications on the public interest of continuing the Programs, and any information relevant to the Programs requested by Staff. Such report should initially be filed with the Commission within thirty (30) days of the Programs' first year of operation and, thereafter, should be filed with the Commission on an annual basis.

Accordingly, IT IS ORDERED THAT:

(1) On or before September 30, 2010, Dominion Virginia Power shall file with the Commission its proposed experimental dynamic pricing tariffs DP-R, DP-1, and DP-2.

(2) APCo shall develop voluntary Pilot Programs that offer dynamic pricing on an hourly and monthly basis. Such programs shall: (i) be structured around the AEP Zone LMP as published by PJM; (ii) be limited to non-residential rate customers; and (iii) be limited to ten to fifteen percent of customers that have properly certificated renewable generation facilities.

(3) Within sixty (60) days of the entry of this order, APCo shall file with the Commission the details of its Pilot Programs. Such filing should include tariff sheets describing the terms and conditions for participation in each of the Pilot Programs and APCo's proposed effective date for implementation. The Commission will rule on APCo's proposal by a subsequent order.

(4) Dominion Virginia Power and APCo shall submit an annual report to the Commission each year that the Pilot Programs are in effect that includes, but is not limited to, the number of participants in the Programs, an assessment of the feasibility and implications on the public interest of continuing the Programs, and any information relevant to the Programs requested by Staff. Such report shall initially be submitted to the Commission within thirty (30) days of the Programs' first year of operation and, thereafter, shall be submitted to the Commission on an annual basis.

(5) This matter is continued pending further order of the Commission.

CASE NO. PUE-2009-00084
DECEMBER 3, 2010

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

In re: Establishing pilot programs to develop certain rate structures for renewable generation facilities

ORDER ESTABLISHING SEPARATE PROCEEDINGS

During its 2009 Session, the Virginia General Assembly passed Chapter 816 of the 2009 Virginia Acts of Assembly ("Chapter 816"), an uncodified enactment, directing the State Corporation Commission ("Commission") to conduct a proceeding to establish two types of pilot programs for certain customers of electric utilities that generate electricity from renewable generation facilities. The first type of pilot program is intended to address dynamic rates for power purchases by eligible customers ("Pilot 1"); the second type is intended to address dynamic rates at which participating customers can sell electricity to a participating utility ("Pilot 2") (collectively, the "Pilot Programs" or "Programs"). As defined by § 1 of Chapter 816, the purpose of the Programs is:

> to determine the feasibility, and the implications on the public interest, of making specific rate structures available to the participating utilities' customers that generate electricity on-site with renewable generation facilities, or that generate electricity at off-site renewable generation facilities that have a rated capacity to generate not more than five megawatts from falling water and are located within six miles of the nonresidential customer, connected on the customer's side of the meter.

In establishing the Pilot Programs, Chapter 816 further directs the Commission to determine the scope of the Programs, establish thresholds for participation, and establish requirements relating to the implementation of the Pilot Programs.

On August 19, 2009, the Commission issued its Order for Notice and Comment ("Order") in this case that, among other things, docketed the matter, established a procedural schedule, directed Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power") and Appalachian Power Company ("APCo") to file written comments concerning the issues in the proceeding and directed the Staff of the Commission ("Staff") to review the comments and file a report thereon ("Staff Report"). In accordance with the Order, Dominion Virginia Power and APCo filed comments in this proceeding on October 23, 2009.

In its comments, Dominion Virginia Power first asserted that it should be exempt from the provisions of Chapter 816 because it had applied for Commission approval of dynamic pricing tariffs that would satisfy the requirements of Chapter 816 in Case No. PUE-2009-00019.[1] Dominion Virginia Power further stated that its existing and proposed Virginia Rate Schedule 19, "Power Purchases from Cogeneration and Small Power Production Qualifying Facilities," per Case Nos. PUE-2007-00034[2] and PUE-2008-00078,[3] allows it to be exempt from participation in this proceeding and from implementing the Pilot Programs pursuant to § 2 of Chapter 816.

[1] A*pplication of Virginia Electric and Power Company, For a 2009 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-2009-00019 (Amended Filing of Virginia Electric and Power Company, Direct Testimony, Exhibits and Schedules, filed July 24, 2009).

[2] *Application of Virginia Electric and Power Company, To revise its cogeneration tariff pursuant to PURPA Section 210,* Case No. PUE-2007-00034, Order of Approval (May 25, 2007).

Dominion Virginia Power also asserted that if it were not found to be exempt, the Pilot 1 requirements outlined in Chapter 816 are satisfied by the dynamic pricing tariffs proposed for Commission approval in Case No. PUE-2009-00019, including proposed tariffs CPP and DP-R (applicable to residential customers), as well as DP-1, DP-2, DP-3, and DP-4 (applicable to non-residential customers). Similarly, if no exemption were to be granted, Dominion Virginia Power claimed that the Pilot 2 requirements are satisfied by its existing and proposed Virginia Rate Schedule for small generators.

In its comments, APCo asserted that the scope of the Pilot Programs should be based on the consideration of four factors: (i) the characteristics of the customers who will participate; (ii) clear yet flexible parameters established by the Commission; (iii) dynamic pricing elements already used by APCo and its affiliates; and (iv) the use of PJM Interconnection, L.L.C.'s ("PJM") Locational Marginal Pricing ("LMP") for the American Electric Power, Inc. Zone ("AEP Zone") within the dynamic pricing design. APCo stated that it has a number of pricing structures and programs in place with varying degrees of dynamic pricing elements and anticipates that any new dynamic pricing pilot programs proposed for its Virginia customers could build upon already-established pricing principles. APCo recommended that, initially, participation in the Programs be limited to five to seven customers with properly certificated renewable generation facilities. APCo stated that it would require at least six months to implement the Programs.

On November 19, 2009, the Staff filed a Motion to Modify Procedural Schedule, which the Commission granted in its Order Modifying Procedural Schedule issued on December 2, 2009 ("Modifying Order"). In accordance with the revised procedural schedule in the Modifying Order, the Staff filed its Staff Report on February 16, 2010.

The Staff Report noted that Dominion Virginia Power's dynamic pricing tariffs are not currently approved by the Commission, but if the Commission did approve these tariffs, there would be no need for the Company to have a dynamic pricing pilot program. The Staff also stated that the dynamic pricing methodology could form the basis for a dynamic pricing pilot program if the proposed dynamic pricing schedules are not approved by the Commission. In that situation, the Staff stated it would recommend that Dominion Virginia Power develop updated rates for the dynamic pricing tariffs CPP, DP-R, DP-1, DP-2, DP-3, and DP-4, reflecting the revenue requirement and revenue apportionment that the Commission approves in Case No. PUE-2009-00019. The Staff proposed a limit of ten to fifteen percent customer participation for each rate class in such a pilot program. The Staff also suggested, as an alternative, that Dominion Virginia Power offer the dynamic pricing schedules to all customers on a voluntary basis as it had proposed to do in Case No. PUE-2009-00019, with the appropriate revenue adjustments.

Regarding APCo, the Staff Report noted that any dynamic pricing pilot program should be defined broadly to encourage participation. The Staff recommended that: (i) APCo develop voluntary Pilot Programs that offer dynamic pricing on an hourly and monthly basis; (ii) APCo structure its dynamic pricing Pilot Programs around the AEP Zone LMP as published by PJM; (iii) APCo's Pilot Programs be limited to its non-residential rate classes; and (iv) participation in APCo's Pilot Programs be limited to ten to fifteen percent of the customers that have properly certificated renewable generation facilities.

In Case No. PUE-2009-00019, Dominion Virginia Power proposed dynamic pricing tariffs CPP and DP-R (applicable to residential customers), as well as DP-1, DP-2, DP-3, and DP-4 (applicable to non-residential customers). However, on November 5, 2009, Dominion Virginia Power and other parties in that proceeding filed a Stipulation and Recommendation ("Stipulation"), which stated in pertinent part: "There is to be no increase in currently approved and effective base rates and no change in any rates . . . terms or conditions of standard tariff offerings until the first biennial review pursuant to Va. Code § 56-585.1."[4] Further, on February 26, 2010, Dominion Virginia Power and other parties filed an Addendum and Modification of Stipulation and Recommendation ("Addendum"), which stated in pertinent part: "There will be no base rate adjustment prior to December 1, 2013, except upon a determination that emergency rate relief is warranted, as authorized under Va. Code § 56-245. This Paragraph modifies the provisions of Paragraph 1 of the Stipulation only in that it extends the base rate freeze until December 1, 2013."[5] On March 11, 2010, the Commission issued its Order Approving Stipulation and Addendum in that case, adopting both the Stipulation and Addendum in total.[6] Accordingly, Dominion Virginia Power's proposed dynamic pricing tariffs CPP, DP-R, DP-1, DP-2, DP-3, and DP-4 were not adopted by the Commission.

In accordance with the Modifying Order, Dominion Virginia Power filed its response ("Response") to the Staff Report on March 23, 2010, as well as a motion to supplement its response to the Staff Report ("Motion"). In its Motion, Dominion Virginia Power requested sixty (60) days to consider how it will offer the Pilot Programs to customers who would have been eligible to participate in the proposed CPP, DP-R, DP-1, and DP-2 tariffs had they been approved in Case No. PUE-2009-00019, as well as to allow sufficient time to receive a decision in Case No. PUE-2009-00081 and make any necessary adjustments to the Pilot Programs in light of that Commission decision.[7] Dominion Virginia Power also asserted in its Motion and Response that its current Rate Schedule 10 meets the requirements of Pilot 1 and, further, continued to assert that the Pilot 2 requirements outlined in Chapter 816 are satisfied by its existing and proposed Virginia Rate Schedule 19 for small generators.[8] APCo did not file a response to the Staff Report.

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[3] *Application of Virginia Electric and Power Company, Notification to the Commission of election to abandon the Company's bidding program and application to revise its cogeneration tariff pursuant to PURPA Section 210*, Case No. PUE-2008-00078, Final Order (May 18, 2010).

[4] Stipulation, Paragraph (1).

[5] Addendum, Paragraph (12).

[6] *Application of Virginia Electric and Power Company, For a 2009 statutory review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A 5 of the Code of Virginia,* Case No. PUE-2009-00019, Order Approving Stipulation and Addendum, Ordering Paragraph (1) (Mar. 11, 2010).

[7] *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, Order Approving Demand-Side Management Programs (Mar. 24, 2010) (approving certain demand-side management programs proposed by Dominion Virginia Power and two rate adjustment clauses designed to recover the costs of the approved programs).

[8] The proposed Virginia Rate Schedule 19 has since been approved. *See Application of Virginia Electric and Power Company, Notification to the Commission of election to abandon the Company's bidding program and application to revise its cogeneration tariff pursuant to PURPA Section 210*, Case No. PUE-2008-00078, Final Order (May 18, 2010).

On April 22, 2010, the Commission issued its Order Granting Motion to Supplement Staff Report, which directed Dominion Virginia Power to file its supplemental response to the Staff Report on or before May 21, 2010. Pursuant to this Order, Dominion Virginia Power filed its Supplemental Response to Staff Report ("Supplemental Response") on May 21, 2010.

In its Supplemental Response, Dominion Virginia Power proposed offering three experimental dynamic pricing tariffs to meet the requirements of Pilot 1: DP-R (applicable to residential customers), and DP-1 and DP-2 (applicable to non-residential customers). Dominion Virginia Power asserted that its large general service Rate Schedule 10 currently meets the requirements for dynamic pricing rates for both of its large general service customer classes.[9] Dominion Virginia Power proposed limiting participation in Pilot 1 to customers that have either an interval data recorder meter or an Advanced Metering Infrastructure ("AMI") meter already installed at their service location, making three percent, six percent, and eighteen percent of the residential, small general service, and intermediate general service populations, respectively, eligible for participation.[10] Dominion Virginia Power proposed filing its experimental dynamic pricing tariffs with the Commission no later than September 30, 2010.

Dominion Virginia Power further asserted in its Supplemental Response that the requirements of Pilot 2 are satisfied by its current Virginia Rate Schedule 19 for small generators. Under Rate Schedule 19, energy payments for each hour are calculated using the hourly $/MWh PJM Dominion Zone Day Ahead LMP. According to Dominion Virginia Power, payments for capacity to small generators are based upon the generator's net hourly on-peak generation, and the small generator is paid for such generation at prices based on the clearing results from PJM's Base Residual Auction for the Dominion Zone.

On July 30, 2010, the Commission issued an Order ("July 30, 2010 Order") finding that Dominion Virginia Power and APCo, as the two investor-owned utilities with the largest number of customers in the Commonwealth, should establish Pilot Programs under which eligible customers/renewable generators that volunteer to participate are provided the ability to purchase and sell electricity to the participating utility at dynamic rates. The July 30, 2010 Order directed Dominion Virginia Power to file tariffs DP-R, DP-1, and DP-2 with the Commission by no later than September 30, 2010, for the purpose of forming the basis of a Pilot 1 program.[11]

The July 30, 2010 Order also directed APCo to develop voluntary Pilot Programs that offer dynamic pricing on an hourly and monthly basis, around the AEP Zone LMP as published by PJM, limited to ten to fifteen percent of its properly certificated renewable generation facilities, within its non-residential rate customers.

Within sixty (60) days of the entry of the July 30, 2010 Order, APCo was directed to file tariff sheets describing the terms and conditions for participation in each of the Pilot Programs, along with APCo's proposed effective date for implementation, for review by the Commission.

On September 28, 2010, APCo filed details on its Pilot Programs in accordance with the July 30, 2010 Order. APCo's filing included proposed tariff sheets for both Pilot 1 and Pilot 2 detailing the terms and conditions for voluntary participation by properly certificated renewable generation facilities. APCo also included in its filing a request that the Commission allow it to flow certain energy costs associated with the Pilot Programs through its fuel factor and for permission to defer other costs for future recovery.

On September 30, 2010, Dominion Virginia Power filed the three tariff sheets directed by the July 30, 2010 Order. Included with Dominion Virginia Power's filing was prefiled testimony and exhibits of various witnesses describing the details of its proposed Pilot 1 program, which is proposed as part of a structured comprehensive pilot program. The filing details the additional efforts Dominion Virginia Power intends to undertake with regard to employee training, customer interfacing, data collection, and use of technology. Dominion Virginia Power described its plans for conducting this dynamic pricing pilot so as to use it to prepare for a system-wide offering by 2013. Dominion Virginia Power also included with this filing a request for permission to begin deferring costs associated with its Pilot 1 program for future recovery under a cost recovery rate adjustment clause pursuant to § 56-585.1 A 5 of the Code of Virginia.

NOW THE COMMISSION, upon consideration of the filing by APCo on September 28, 2010, and Dominion Virginia Power on September 30, 2010, is of the opinion and finds that further review and public notice is warranted. Given new information about the Pilot Programs of APCo and Dominion Virginia Power, as reflected in their latest filings, the details of the proposed Programs should be subject to further review in separate proceedings in order to afford the public an opportunity to receive notice of and comment upon the details of the respective programs of each company. To accomplish this, we find that this proceeding should be closed and that the September 2010 filings made herein by APCo and Dominion Virginia Power should be moved to separately docketed proceedings wherein consideration of the proposals will continue.

Accordingly, IT IS ORDERED THAT:

(1) Separate proceedings be docketed through which the Commission's consideration of each of the Pilot Programs will continue.

(2) A copy of the respective filings of APCo and Dominion Virginia Power on September 28, 2010, and September 30, 2010, will be moved, respectively, to Case No. PUE-2010-00134 and Case No. PUE-2010-00135.

(3) There being nothing further to come before the Commission in this matter, the case is hereby dismissed from the Commission's docket of active proceedings and the papers filed herein be placed in the Commission's file for ended causes.

[9] Large general service customers are those whose demand exceeds 500 kilowatts.

[10] In the event that additional AMI meters are installed in Dominion Virginia Power's territory during the period of the Pilot Programs, the Company stated that customers at those service locations would also be eligible to participate.

[11] The Commission found that Dominion Virginia Power was exempt from Pilot 2.

CASE NO. PUE-2009-00089
APRIL 6, 2010

APPLICATION OF
PRINCE GEORGE ELECTRIC COOPERATIVE

For a general increase in electric rates

FINAL ORDER

On August 18, 2009, Prince George Electric Cooperative ("Prince George" or "the Applicant") completed an application for a general increase in its electric rates. The Applicant filed the application pursuant to § 56-585.3 of the Code of Virginia ("Code").

Prince George stated in its application that over the past several years, capital and operating costs, including demand-related energy costs and distribution costs, have increased substantially resulting in a decrease in its Times Interest Earned Ratio ("TIER"). Prince George noted that recent increases in the rates from its wholesale power supplier and other unanticipated cost increases have had the effect of driving its margins down to unprecedented levels and that the cumulative effect of rising costs and the deterioration of its financial ratios have put the Cooperative in a position where its rates must be increased to provide it sufficient revenues to maintain appropriate financial ratios and ensure its future financial viability.

Prince George sought approval for a 7.56% increase in base rates, which according to the Applicant, would generate an additional $2,292,018 in annual revenues paid by jurisdictional customers. Prince George also stated that the requested increase would produce a TIER of 2.16.

Prince George proposed a number of changes to its existing tariffs and introduced two new tariffs. Additionally, the Cooperative proposed: (1) an increase to its existing Customer Delivery Charges to move the charge toward actual costs; (2) an excess facilities rate designed to recover costs associated with providing excess facilities for customers requiring additional plant investment to receive electrical service; and (3) clarification of its guidelines on members' use of credit cards to pay utility bills.

On September 3, 2009, the Commission issued an Order for Notice and Hearing that, among other things: (1) established a procedural schedule for this matter; (2) assigned the matter to a Hearing Examiner; (3) scheduled a hearing on the Company's application for March 3, 2010; (4) required the Company to provide public notice of its application; and (5) permitted the Applicant's proposed rates to become effective for service rendered on and after October 1, 2009.

On February 3, 2010, Commission Staff ("Staff") filed a Motion to Extend Filing Dates ("Motion") requesting an extension that would allow Staff to file its testimony on or before February 12, 2010. In support, Staff explained it had encountered difficulties conducting its investigation of the Application and submitting its testimony and exhibits on time. Staff further stated it would not object to a similar extension afforded to Prince George for the filing of its rebuttal testimony and exhibits.

On February 3, 2010, Prince George, by counsel, filed a Response to Commission Staff's Motion to Extend Filing Dates ("Response") stating that it was not opposed to an extension of time for Staff to prepare and file its testimony and exhibits but, if an extension was granted, requesting an extension of time for the filing of its rebuttal testimony and exhibits.

On February 4, 2010, the Hearing Examiner issued his Hearing Examiner's Ruling ("Ruling") in which the Staff's Motion was granted and directed that: (1) Staff shall file its testimony and exhibits on or before February 12, 2010; (2) Prince George shall file its rebuttal testimony and exhibits on or before February 26, 2010; and (3) the hearing set for March 3, 2010, shall remain as scheduled.

No notices of participation were filed in this case. On February 12, 2010, the Staff filed its testimony in this case. Staff supported the Applicant's proposed total jurisdictional additional revenue requirement of $2,292,018[1] and recommended a TIER within the range of 2.0 to 2.50.[2] Staff determined that the Applicant's revenue requirement produces an actual TIER of 2.16.[3]

Prince George did not file rebuttal testimony. A public hearing on the application was convened on March 3, 2010. The following participants were represented by counsel at the hearing: Prince George and Staff. No public witnesses testified at the hearing. Prince George and Staff submitted a jointly executed stipulation ("Stipulation") recommending a resolution of the issues in the proceeding.

In the Stipulation, Prince George and Staff ("Stipulating Participants") agreed that the requested revenue increase of $2,292,018 was justified and would produce a calculated TIER of 2.16. With regard to Prince George's amended rate schedules, the Stipulating Participants agreed that the rates are representative of the Cooperative's unit costs as established in the Cost of Service study and were designed to recover the revenue requirement. The Stipulating Participants supported approval of the modified rate schedules as filed by the Applicant and agreed that with the modified rates currently in effect no refunds should be required.

On March 18, 2010, the Hearing Examiner issued his Report in which he found that the Stipulation was acceptable and that the comment period to his Report should be waived. The Hearing Examiner recommended that the Commission enter an order that accepts the Stipulation.

NOW THE COMMISSION, upon consideration of the record in this case, the Hearing Examiner's Report, and the applicable statutes, is of the opinion and finds that the jointly executed Stipulation should be accepted, and the revenue requirement sought by Prince George should be granted.

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[1] Staff Testimony of Sarah A. Kutch at 21.

[2] Staff Testimony of Lawrence T. Oliver at 11.

[3] Staff Testimony of Sarah A. Kutch at 22.

Accordingly, IT IS ORDERED THAT:

(1) Prince George's application for a general increase in its electric rates is granted.

(2) The Stipulation presented by Prince George and Staff is hereby accepted.

(3) Prince George shall forthwith file revised tariffs and terms and conditions of service with the Commission's Division of Energy Regulation, in accordance with the Stipulation, within thirty (30) days from the date of this Final Order. The rates, terms and conditions so established shall be effective for bills rendered on and after October 1, 2009.

(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 placed in the Commission's file for ended causes.

CASE NO. PUE-2009-00092
FEBRUARY 26, 2010

COMMONWEALTH OF VIRGINIA, *ex rel.*
DEPARTMENT OF HISTORIC RESOURCES,
Complainant
v.
HIGHLAND NEW WIND DEVELOPMENT, LLC,
Defendant

ORDER DENYING COMPLAINT

On December 20, 2007, the State Corporation Commission ("Commission") issued a Final Order in Case No. PUE-2005-00101, which approved – subject to specific requirements – an application by Highland New Wind Development, LLC ("HNWD" or "Highland Wind") for approval to construct, own, and operate an electric generation facility in Highland County, Virginia.[1] Highland Wind proposed to construct and operate a wind energy generating facility near the West Virginia border, just northeast of State Route 250 on parts of Allegheny Mountain known as Red Oak Knob and Tamarack Ridge, which would consist of up to twenty wind turbines of up to 2.00 MW nominal capacity each, and which would be mounted on free-standing tubular towers with the rotors reaching up to a height of 400 feet.[2]

The Final Order, among other things, considered a report filed by the Department of Environmental Quality ("DEQ"), in which DEQ coordinated a review of the proposed wind project by a number of state, federal, and local agencies.[3] The state and local agencies participating in DEQ's coordinated report included the following: DEQ; Department of Historic Resources ("DHR"); Department of Game and Inland Fisheries; Department of Conservation and Recreation; Department of Agriculture and Consumer Services; Department of Health; Department of Aviation; Department of Forestry; Department of Transportation; Marine Resources Commission; Department of Mines, Minerals and Energy; Central Shenandoah Planning District Commission; and Highland County.[4]

The DEQ Report listed permits or approvals that may be required by the wind project and recommended specific conditions for any certificate of public convenience and necessity issued by the Commission. As relevant to the instant case, the DEQ Report recommended that the Commission adopt the following condition:

> 2. Conduct Archaeological and Architectural Surveys if Necessary – Coordinate with DHR for guidance regarding the potential need for archaeological and architectural surveys, recommended studies and field surveys to evaluate the project's impacts to historic resources.[5]

The Final Order required HNWD to comply with this condition as recommended by DEQ.[6]

On August 19, 2009, the director of DHR transmitted a letter to the Commission's General Counsel, wherein DHR contended that Highland Wind had failed to comply with the above DEQ Condition. On August 26, 2009, the Commission issued an Order that deemed such letter to constitute a formal complaint, docketed and established procedures for this proceeding, and assigned this matter to a hearing examiner to conduct further proceedings.

On January 25, 2010, Senior Hearing Examiner Alexander F. Skirpan, Jr., issued a report that explained the procedural history of this case, summarized the record, attached a Stipulated Chronology of Events agreed to by DHR and HNWD ("Stipulated Events"),[7] analyzed the evidence and issues

[1] *Application of Highland New Wind Development, LLC, For Approval to Construct, Own and Operate an Electric Generation Facility in Highland County, Virginia, pursuant to §§ 56-46.1 and 56-580 D of the Code of Virginia*, Case No. PUE-2005-00101, 2007 S.C.C. Ann. Rep. 295 ("Final Order").

[2] *See id.* at 295.

[3] ("DEQ Report"). *See, e.g.*, Final Order, 2007 S.C.C. Ann. Rep. at 297-302.

[4] *See id.* at 297.

[5] ("DEQ Condition"). *See id.*

[6] *Id.* at 302.

in this proceeding, and made certain findings ("Senior Hearing Examiner's Report"). The Senior Hearing Examiner's Report included the following findings and recommendations:

> (1) The Final Order excluded 'viewshed' from further consideration because 'viewshed' was considered by Highland County in issuing its conditional use permit;
>
> (2) The Final Order and Highland Wind's certificate of public convenience and necessity contain no condition by which Highland Wind is required to coordinate with DHR for guidance regarding the project's visual impacts on Camp Allegheny [(a Civil War battlefield site located in West Virginia approximately two miles from the project site)];
>
> (3) If the Final Order is read to include a condition by which Highland Wind is required to coordinate with DHR for guidance regarding the project's visual impacts on Camp Allegheny, any related mitigation measures would be limited to actions that occur within the borders of the Commonwealth;
>
> (4) If the Final Order is read to include a condition by which Highland Wind is required to coordinate with DHR for guidance regarding the project's visual impacts on Camp Allegheny, DHR has failed to show that its requested funds for various Camp Allegheny projects would provide any mitigation of the visual impacts of the project on Camp Allegheny;
>
> (5) Regardless of whether the Final Order is read to include a condition by which Highland Wind is required to coordinate with DHR for guidance regarding the project's visual impacts on Camp Allegheny, as of the end of this proceeding, Highland Wind has complied with the condition in the Final Order to '[c]oordinate with DHR for guidance regarding the potential need for archaeological and architectural surveys, recommended studies and field surveys to evaluate the project's impacts to historic resources;' and
>
> (6) The sunset provision of the Final Order has no bearing on DHR's complaint and may be investigated and addressed in a separate proceeding.[8]

On or before February 16, 2010, DHR and Highland Wind filed comments on the Senior Hearing Examiner's Report.

DHR "respectfully requests that the Commission find (1) that its complaint against HNWD was well founded and (2) that coordination with DHR has not been completed because minimization and mitigation measures regarding Camp Allegheny have not been fully discussed and implemented."[9]

Highland Wind "respectfully requests the Commission decline to consider DHR's argument concerning the sunset provision," because "DHR lacks authority to raise the argument, the argument was not timely, the argument is unrelated to any interest of DHR, and the argument is without merit."[10]

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

DEQ Condition

As noted above, the Final Order required Highland Wind to comply with the following condition, which was explicitly requested by DEQ:

> 2. Conduct Archaeological and Architectural Surveys if Necessary – Coordinate with DHR for guidance regarding the potential need for archaeological and architectural surveys, recommended studies and field surveys to evaluate the project's impacts to historic resources.

In the Stipulated Events, DHR and Highland Wind reached agreement on all issues but one. Specifically, the Stipulated Events state that "DHR and HNWD agreed that the sole remaining unresolved issue is whether HNWD has an obligation to mitigate the visual impact of its project upon Camp Allegheny, which is located in Pocahontas County, West Virginia."[11] We find, as did the Senior Hearing Examiner, that the DEQ Condition does not encompass any viewshed requirements, which includes visual impacts.

DHR asserts, however, that "if the [Senior] Hearing Examiner is correct that the Commission had not intended visual impacts to be addressed, the [Final Order] should have been explicit."[12] In this regard, the Final Order was, indeed, explicit and expressly imposed no conditions regarding viewshed. Specifically, the Final Order explained as follows:

> The Hearing Examiner properly found that the following matters were considered by Highland County in issuing Highland Wind a conditional use permit pursuant to Highland County's zoning ordinance and comprehensive plan: property values; tourism; ***viewshed***; height restrictions; setbacks; lighting; color of

[7] Ex. 2.

[8] Senior Hearing Examiner's Report at 9-10 (emphasis removed).

[9] DHR's February 16, 2010 Response to Senior Hearing Examiner's Report at 9 (unnumbered page).

[10] HNWD's February 8, 2010 Response to Senior Hearing Examiner's Report at 8.

[11] Stipulated Events at 8.

[12] DHR's February 16, 2010 Response to Senior Hearing Examiner's Report at 5 (unnumbered page).

> structures; fencing; security measures; erosion and sediment control; signage; access roads; and decommissioning. As a result, the conditional use permit 'shall be deemed to satisfy the requirements of [§§ 56-46.1 A and 56-580 D] with respect to all [those] matters . . ., and the Commission shall impose no additional conditions with respect to such matters.' Accordingly, we shall not consider those matters herein.[13]

Thus, the Final Order explicitly found that Highland County considered viewshed in issuing Highland Wind a conditional use permit and that, as a result, the Commission was statutorily prevented from imposing conditions with respect to matters related to viewshed. Accordingly, we reject DHR's request herein to impose requirements addressing visual impacts.[14]

Based on the Stipulated Events agreed to by DHR and HNWD, the Senior Hearing Examiner found that "as of the end of this proceeding, Highland Wind has complied with the [DEQ Condition]."[15] We adopt this finding. The Stipulated Events, taken as a whole, demonstrate that Highland Wind has complied with the requirement in the DEQ Condition to "[c]oordinate with DHR for guidance regarding the potential need for archaeological and architectural surveys, recommended studies and field surveys to evaluate the project's impacts to historic resources." Accordingly, we find that Highland Wind has complied with the plain language of the DEQ Condition.[16]

Sunset Provision

In its brief filed with the Senior Hearing Examiner on January 4, 2010, DHR argued for the first time that Highland Wind has failed to meet the following requirement in the Final Order:

> The certificate of public convenience and necessity granted herein shall expire two (2) years from the date of this Final Order if construction of the wind energy generating facility approved herein has not commenced. Highland Wind may petition the Commission for an extension of this sunset provision for good cause shown.[17]

Such assertion was not included in DHR's complaint, and DHR did not seek to amend its complaint to include this new claim.[18] In its response to the Senior Hearing Examiner's Report, however, DHR now contends that this "issue was raised as a jurisdictional argument regarding this proceeding [and] can be raised at any time during the course of the proceeding," and that "[i]f the Commission does not believe that the issue is related to its jurisdiction to hear the complaint, then DHR does not specifically ask for any further consideration of this issue."[19]

DHR submitted the complaint in this matter, and Highland Wind does not contest the Commission's jurisdiction. The Commission has jurisdiction over DHR's complaint, and we do not reach DHR's assertion regarding the above sunset provision.

Accordingly, IT IS HEREBY ORDERED THAT DHR's complaint is denied and this matter is dismissed.

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[13] Final Order, 2007 S.C.C. Ann. Rep. at 297 (emphasis added) (quoting Va. Code §§ 56-46.1 A and 56-580 D) (footnotes omitted).

[14] Having explained that the DEQ Condition does not include any viewshed analysis, we need not reach questions related to the Commission's authority, or lack thereof, to address viewshed impacts on Camp Allegheny, which lies outside of the territorial boundaries of the Commonwealth. *See, e.g.,* Senior Hearing Examiner's Report at 7-9.

[15] *Id.* at 10.

[16] DHR also suggests that the DEQ Condition, as required in the Final Order, "is somewhat ambiguous regarding HNWD's responsibilities if impacts are identified." DHR's February 16, 2010 Response to Senior Hearing Examiner's Report at 2 (unnumbered page). In this regard, we note that the exact language of the DEQ Condition was explicitly requested – and drafted – by DEQ in coordination with DHR. *See, e.g.,* Final Order, 2007 S.C.C. Ann. Rep. at 297-298.

[17] Final Order, 2007 S.C.C. Ann. Rep. at 303. *See* Senior Hearing Examiner's Report at 9.

[18] *See id.*

[19] DHR's February 16, 2010 Response to Senior Hearing Examiner's Report at 8-9 (unnumbered pages).

CASE NO. PUE-2009-00093
MARCH 17, 2010

APPLICATION OF
UNITED WATER VIRGINIA INC.

For an increase in rates

ORDER ON MOTION FOR AUTHORITY TO INSTITUTE INTERIM RATES

On December 8, 2009, United Water Virginia Inc. ("United Water Virginia" or "Company") filed with the State Corporation Commission ("Commission") an application, with accompanying testimony and certain schedules, for a general increase in water rates pursuant to Chapter 10 of Title 56

of the Code of Virginia ("Code")[1] and the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings.[2] On December 16, 2009, the Company completed its application by filing supplemental information related to one schedule.

United Water Virginia did not include in its application a request for authorization to put its proposed rates into effect on an interim basis, subject to refund.

On February 12, 2010, the Company filed a Motion for Authority to Institute Interim Rates ("Motion"). In this Motion, United Water Virginia asked that the Commission, pursuant to § 56-238 of the Code, allow the Company's proposed rates to go into effect on an interim basis, subject to refund, for service rendered on and after May 15, 2010, which is 150 days following the date the application was deemed complete by Staff. United Water Virginia stated that it will file revised tariff sheets to reflect May 15, 2010, as the effective date of its proposed tariff and that it will provide additional notice of the interim rates to its customers and to local government officials by mail at least thirty (30) days prior to the effective date of the interim rates, in accordance with § 56-237 of the Code. The Staff has no objection to the Motion.

On February 24, 2010, the Hearing Examiner issued his Hearing Examiner's Ruling and Certification to the Commission ("Ruling"), recommending that the Commission enter an order and direct:

> (1) That United Water Virginia be permitted to place its proposed rates into effect, subject to refund, for service rendered on and after May 15, 2010;
>
> (2) That United Water Virginia shall file corrected tariff sheets with the Commission that revise the effective date of its proposed tariffs to May 15, 2010, with a notation that the rates will go into effect on that date on an interim basis, subject to refund;
>
> (3) That United Water Virginia shall provide notice of its interim rates by first-class mail to its customers and to local government officials on or before April 7, 2010;
>
> (4) That United Water Virginia shall file proof of additional notice with the Commission on or before April 15, 2010;
>
> (5) That United Water Virginia shall forthwith file a bond with the Clerk of the Commission, to be approved by the Commission, payable to the Commonwealth, and conditioned to ensure refund of all amounts ordered by the Commission, upon completion of the hearing and decision in this case, with interest at a rate hereinafter to be set, representing that portion of such increased rates by its decision found not justified;
>
> (6) That United Water Virginia keep accurate accounts in detail of all amounts received under the increased rates which will become effective on and after May 15, 2010;
>
> (7) That interest upon any refund hereinafter ordered by the Commission shall be computed from the date payment is due until the date refunds are made, at an average prime rate for each calendar quarter. The applicable average prime rate for each calendar quarter shall be the arithmetic mean, to the nearest one-hundredth of one percent, of the prime rate values published in the Federal Reserve Bulletin, or in the Federal Reserve's Selected Interest Rates (Statistical Releases H.15), for the three months of the preceding calendar quarter. The interest required to be paid shall be compounded quarterly; and
>
> (8) That United Water Virginia shall bear all costs of such refunding.

The Hearing Examiner gave the parties and Staff five business days from the date of his Ruling to file any comments. No comments were filed.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the February 24, 2010 Ruling are hereby adopted and are incorporated herein.

(2) This case is continued until further order of the Commission.

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[1] Va. Code § 56-232 *et seq*.

[2] 20 VAC 5-201-10 *et seq*.

CASE NO. PUE-2009-00093
SEPTEMBER 30, 2010

APPLICATION OF
UNITED WATER VIRGINIA INC.

For a general increase in rates

FINAL ORDER

On December 8, 2009, United Water Virginia Inc. ("United Water Virginia" or "Company") filed with the Corporation Commission ("Commission") an application, with accompanying testimony and certain schedules, for a general increase in water rates pursuant to Chapter 10 of Title 56 of the Code of Virginia ("Code")[1] and the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings.[2] On December 16, 2009, the Company completed its application by filing supplemental information related to one schedule.

In its application, United Water Virginia stated that increases in operating expenses and capital investments since 1997, when the Company last filed an application with the Commission for an increase in water rates, forced it to file for a rate increase. The Company claimed that in the past twelve years it has experienced significant increases in wages, pensions, tank painting costs, fire protection costs, insurance, and power costs.[3] Moreover, United Water Virginia asserted that the rate of return on rate base for the twelve months ended June 30, 2009, had declined to a negative 4.56%, and at the end of that same period the Company had a negative 10.85% return on common equity.[4]

United Water Virginia has requested an annual increase in water revenues of $606,349, based on a 10.50% return on common equity. This represents an overall revenue increase of approximately 55%.[5] The requested increase in rates is designed to increase the Company's return on equity from a negative 10.85% to a positive return on equity of 10.50%. The proposed rate increase would increase water rates from $81.41 per bi-monthly bill to $126.48 for the average residential customer.[6]

On January 7, 2010, an Order for Notice and Hearing was issued, which scheduled a public hearing for May 18, 2010, provided an opportunity for interested persons to submit a notice of participation or comments on the application, and established a procedural schedule for the filing of testimony and exhibits by any respondents and the Staff of the Commission ("Staff"). On February 12, 2010, United Water Virginia filed a Motion for Authority to Institute Interim Rates ("Motion"). In this Motion, the Company asked the Commission, pursuant to § 56-238 of the Code, to allow the rates the Company proposed in its application to go into effect on an interim basis for service rendered on and after May 15, 2010. The Commission issued its Order on Motion for Authority to Institute Interim Rates on March 17, 2010, which allowed United Water Virginia to place its proposed rates into effect, subject to refund, for service rendered on and after May 15, 2010. Then, on May 4, 2010, the Company filed a Motion for Authority to Institute Stipulated Rates on an Interim Basis ("Motion II"). In Motion II, the Company noted that while Staff had recommended the same additional annual revenue increase as the Company requested in its application, Staff's rate design and proposed tariff incorporated lower base rates than the Company originally requested.[7] United Water Virginia requested in Motion II that its interim rates authorized for service on and after May 15, 2010, be those recommended by Staff, rather than those proposed in its application. Motion II was granted by Alexander F. Skirpan, Jr., Senior Hearing Examiner ("Hearing Examiner") on May 5, 2010.

No notices of participation were filed in this case, but a large number of customers filed comments on the proposed rate increase. Staff pre-filed testimony on April 20, 2010, and on May 4, 2010, the Company submitted notice that it would not be filing rebuttal testimony. Staff, in its pre-filed testimony, recommended adoption of the Company's proposed $606,349 increase in annual revenues;[8] recommended use of a 9.70-10.70% range for the cost of equity and use of an updated, actual per books capital structure of United Water Virginia's parent company as of December 31, 2009, without adjustments;[9] and provided an alternative rate design for the Commission's consideration, which reflected a reduction in base rate revenues due to corrections to calculations for miscellaneous fees and charges.[10] On May 17, 2010, United Water Virginia filed a Joint Motion to Accept Stipulation, in which the Company asked that a Stipulation between it and the Staff be adopted in this proceeding.

On May 18, 2010, the hearing on this matter was convened in Richmond as scheduled. The Company and Staff were represented by counsel at the hearing, and two public witnesses presented testimony. The public witnesses objected to the magnitude of the requested rate increase and contended that

[1] Va. Code § 56-232 *et seq*.

[2] 20 VAC 5-201-10 *et seq*.

[3] Exhibit 3, Application at 2.

[4] *Id.*

[5] *Id.*

[6] *Id. See also* Exhibit 7, Schedule 43.

[7] Staff's rate design incorporated lower base rates than the Company originally requested in its application despite the fact that Staff recommended the same additional annual revenue increase because of miscalculations made by the Company when calculating miscellaneous fees and charges. *See* Exhibit 10, Pre-filed Testimony of Michele G. Grant at 6.

[8] Exhibit 8, Pre-filed Testimony of Britton P. Ellis at 16. Based on Staff's calculations, the Company could have requested a $628,434 increase in annual revenues. However, Staff limited its recommended increase in revenues to the $606,349 originally requested. *Id.*

[9] Exhibit 9, Pre-filed Testimony of Michael W. Gleason at 1-2, 5.

[10] Exhibit 10, Pre-filed Testimony of Michele G. Grant at 6.

the Company's rates and proposed increase exceeded the rates and rate increases of other Virginia municipalities.[11] Proof of public notice of the application and proof of public notice of interim rates were marked as exhibits and received into the record.[12] Pursuant to an agreement of counsel, the Company's application, testimony and exhibits, as well as the Staff's testimony and exhibits, were entered into the record without cross-examination.[13]

At the hearing, the Company and Staff presented to the Hearing Examiner the Stipulation that was filed on May 17, 2010. The Stipulation resolved all contested issues in the proceeding. Pursuant to the Stipulation, the Company and Staff (collectively, "Stipulating Participants") agreed to an annual revenue increase of $606,349, a 9.70%-10.70% range of equity return that would also be used for the purpose of reviewing the Company's Annual Informational Filings, and the use of an updated actual per books capital structure of United Water Virginia's parent company as of December 31, 2009, without adjustments.[14]

The Stipulating Participants also agreed that the Company would write off the unamortized balance of deferred tank painting assets for all tanks painted prior to the filing of this case and that the Company would implement an accounting mechanism for future tank painting expense in the same manner as utilized by United Water Virginia's parent company. Further, the Stipulation noted that the Company would book an adjustment to accumulated depreciation for $246,519 related to the $881,500 of intangible plant shown on the Company's books due to the 1987 acquisition of American Central Systems by General Waterworks Corporation and that the Company would continue to amortize the Contribution in Aid of Construction ("CIAC") related to the $881,500 of intangible plant and also would depreciate the $881,500 of intangible plant at a rate equal to the CIAC amortization. The Stipulating Participants concurred that, with respect to the acquisition adjustment in Account 114.1 and the associated accumulated amortization in Account 115.1, the Company will continue to account for this acquisition in accordance with generally accepted accounting principles until the Company's next Annual Informational Filing.[15]

Moreover, the Stipulating Participants agreed to change the wording to several of the rules set forth in United Water Virginia's Tariff Sheets and to change the description of the Company's Seasonal Base Charge. Finally, the Stipulation set forth the stipulated tariff sheets and the rates, rate design, and resulting increase that would be used to collect the increased revenue requirement.[16]

On June 30, 2010, the Report of the Hearing Examiner ("Report") was filed. The Hearing Examiner found that the Stipulation was acceptable and recommended that the Commission enter an order that accepts the Stipulation; adopts the findings of his Report; grants the Company an increase in gross annual revenues of $606,349; and dismisses the case from the Commission's docket of active proceedings. The Hearing Examiner's specific findings are as follows:

(1) The use of a test year ending June 30, 2009, is proper in this proceeding;

(2) United Water Virginia's jurisdictional test year operating revenues, after all adjustments, were $1,098,668;

(3) United Water Virginia's jurisdictional test year operating revenue deductions, after all adjustments, were $1,266,311;

(4) United Water Virginia's jurisdictional test year net operating income/(loss) and adjusted net operating income/(loss), after all adjustments were both ($167,643);

(5) United Water Virginia's current rates produce a return on adjusted rate base of -5.61% and a return on equity of -19.78%;

(6) United Water Virginia's current cost of equity is within a range of 9.70% - 10.70%;

(7) United Water Virginia's overall cost of capital, using the midpoint of the return on equity range and Staff's recommended capital structure is 7.70%;

(8) United Water Virginia's adjusted test year rate base is $2,986,985;

(9) Based on the Stipulation, United Water Virginia requires $606,349 in additional gross annual revenues to earn a reasonable return on rate base;

(10) The rates provided in Attachments A and B to the Stipulation are designed to produce the required additional gross annual revenues and are just and reasonable;

(11) In accordance with the Stipulation, United Water Virginia's cost of equity range of 9.70% - 10.70%, and the methodology used by Staff witness Gleason to develop the consolidated Virginia-American Water Company capital structure shall be used for purposes of future earnings tests until the Commission establishes otherwise;

[11] Transcript at 12-13, 15.

[12] *Id.* at 17.

[13] *Id.*

[14] Exhibit 11, Stipulation at 1-2.

[15] *Id.* at 2-3.

[16] *Id.* at 3-5.

(12) In accordance with the Stipulation, United Water Virginia shall write off the unamortized balance of deferred tank painting assets for all tanks painted prior to the filing of this case;

(13) In accordance with the Stipulation, United Water Virginia shall implement an accounting mechanism for future tank painting expense in the same manner as utilized by United Water Virginia's parent, Virginia-American Water Company;

(14) In accordance with the Stipulation, United Water Virginia shall book an adjustment to accumulated depreciation for $246,519 related to the $881,500 of intangible plant shown on the Company's books due to the 1987 acquisition of American Central Systems by General Waterworks Corporation, and continue to amortize the Contribution in Aid of Construction and depreciate, at the same rate, the $881,500 of intangible plant;

(15) In accordance with the Stipulation, United Water Virginia shall continue to account for the acquisition adjustment in Account 114.1 of $485,224 and associated accumulated amortization in Account 115.1 of ($296,857) in accordance with generally accepted accounting principles, and provide a history of the net acquisition premium and detailed support for the current balance in its next AIF [Annual Informational Filing];

(16) In accordance with the Stipulation, United Water Virginia shall change Rule No. 12(h) - Bills for Water Service to read as follows: "Bills for metered water service shall be rendered monthly or bi-monthly in arrears depending upon the class and quantity of service rendered;"

(17) In accordance with the Stipulation, United Water Virginia shall phase in Rule No. 13 - Term of Payment over a period of three bi-monthly billings (6 months) and provide additional written notice to customers regarding the imposition of late payment penalties; and

(18) In accordance with the Stipulation, United Water Virginia shall change the description of the Seasonal Base Charge to read as follows: "Seasonal customers that are disconnected from the system will be billed $15.50 every month or $31.00 every two months for service availability.

The Hearing Examiner recommended that the Commission enter an order adopting the findings in the Report, granting the Company an increase in gross annual revenues of $606,349, and dismissing the case. He further invited parties to file comments in response to his Report within seven (7) days of the date of the Report. On July 6, 2010, the Company filed comments urging the Commission to adopt the Hearing Examiner's Report. No comments challenging any aspect of the Hearing Examiner's Report were filed.

NOW THE COMMISSION, upon consideration of the case, and having reviewed the application, the prefiled testimony, the transcript, the Hearing Examiner's Report, the Stipulation, and the public comments filed in this case, is of the opinion and finds that the findings and recommendations of the Hearing Examiner's Report should be adopted. The Commission finds that the record in this case demonstrates that United Water Virginia requires $606,349 in additional gross annual revenues to earn a reasonable return on rate base; that using a 9.70%-10.70% range of equity return in this case and for review of the Company's Annual Informational Filing is reasonable; that the use of an updated actual per books capital structure of United Water Virginia's parent company as of December 31, 2009, without adjustments, is appropriate; and that all other provisions of the Stipulation are reasonable and should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the June 30, 2010 Hearing Examiner's Report are hereby adopted.

(2) The Stipulation entered into by Staff and the Company and identified as Attachment A hereto is hereby adopted.

(3) The Company shall file with the Commission final rates and tariffs in accordance with this Order within thirty (30) days of the entry of this Order.

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

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

CASE NO. PUE-2009-00095
AUGUST 5, 2010

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

In re: The Potomac Edison Company d/b/a Allegheny Power's Integrated Resource Plan filing pursuant to § 56-597 *et seq.* of the Code

ORDER GRANTING MOTION TO DISMISS

Section 56-599 B of the Code of Virginia ("Code") requires each electric utility in the Commonwealth of Virginia to file an initial integrated resource plan ("IRP") with the State Corporation Commission ("Commission") by September 1, 2009. Section 56-597 of the Code defines an IRP as "a document developed by an electric utility that provides a forecast of its load obligations and a plan to meet those obligations by supply side and demand side

resources over the ensuing 15 years to promote reasonable prices, reliable service, energy independence, and environmental responsibility." Pursuant to § 56-599 E of the Code, the Commission must analyze each utility's IRP and determine whether the IRP is reasonable and in the public interest.

The Potomac Edison Company d/b/a Allegheny Power ("Potomac Edison" or "Company") filed its IRP with the Commission on September 1, 2009. In this filing, the Company noted that on May 5, 2009, it was announced that Potomac Edison had contracted to sell its electric distribution operations in the Commonwealth to Rappahannock Electric Cooperative and Shenandoah Valley Electric Cooperative (collectively, "Cooperatives"). Given this, the Company's September 1, 2009 filing indicated that its IRP was simply to continue covering its existing load under its existing contracts until the sale to Rappahannock Electric Cooperative and Shenandoah Valley Electric Cooperative was completed.

On September 18, 2009, the Commission issued an Order for Notice and Comment in this proceeding, which, in part, provided an opportunity for interested persons to comment on Potomac Edison's IRP or participate as a respondent. On October 28, 2009, the Office of Attorney General's Division of Consumer Counsel ("Consumer Counsel") filed a notice of intent to participate as a respondent, and on November 13, 2009, Consumer Counsel filed comments on the Company's IRP.

On September 15, 2009, Potomac Edison, Rappahannock Electric Cooperative and Shenandoah Valley Electric Cooperative (collectively, "Joint Petitioners") filed a Joint Petition with the Commission for approval of the sale of Potomac Edison's electric distribution facilities located in the Company's Virginia service territory to the Cooperatives ("Asset Transfer Proceeding").[1]

On January 12, 2010, the Commission issued an Order in the present proceeding finding that Potomac Edison's IRP proceeding should be continued generally pending the Commission's decision in the Asset Transfer Proceeding. On May 14, 2010, the Commission granted the Joint Petition in the Asset Transfer Proceeding, subject to certain requirements set forth in its May 14, 2010 Order. The Joint Petitioners fulfilled the requirements set forth in the May 14, 2010 Order and Potomac Edison transferred its retail electric service assets to the Cooperatives as of June 1, 2010.

On June 15, 2010, Potomac Edison filed a Motion to Dismiss in the present proceeding. The Company stated that, "[b]ecause Potomac Edison no longer 'provides electric energy for use by retail customers,' the Commission is no longer required to analyze its IRP to determine if it is reasonable and in the public interest."[2] Potomac Edison also stated that counsel for Staff authorized the Company to represent that it does not oppose the Motion to Dismiss. The Commission has also been advised that Consumer Counsel does not oppose the Motion to Dismiss.

NOW THE COMMISSION, upon consideration of the matter, finds that Potomac Edison's Motion to Dismiss should be granted.

Accordingly, IT IS ORDERED THAT:

(1) The Motion to Dismiss filed by Potomac Edison shall be, and hereby is, granted.

(2) There being nothing further to come before the Commission in this proceeding, 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.

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[1] *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 and for the issuance of, and cancellation of, certificates of public convenience and necessity*, Case No. PUE-2009-00101, Joint Petition (Sept. 15, 2009).

[2] Motion to Dismiss at 2.

CASE NO. PUE-2009-00096
AUGUST 6, 2010

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*.

FINAL ORDER

Section 56-599 B of the Code of Virginia ("Code") mandates that each electric utility in the Commonwealth of Virginia file an integrated resource plan ("IRP") with the State Corporation Commission ("Commission") by September 1, 2009. An IRP, as defined by § 56-597 of the Code, is "a document developed by an electric utility that provides a forecast of its load obligations and a plan to meet those obligations by supply side and demand side resources over the ensuing 15 years to promote reasonable prices, reliable service, energy independence, and environmental responsibility." Pursuant to § 56-599 E of the Code, the Commission must determine whether an IRP is reasonable and in the public interest.

On September 1, 2009, Virginia Electric and Power Company ("DVP" or "Company") filed its Integrated Resource Plan ("IRP") with the Commission pursuant to § 56-597 *et seq*. of the Code. In its filing, DVP stated that the 2009 IRP is a long-term planning document that includes fifteen-year forecasts of information addressing the 2010 to 2024 timeframe. The Company further stated that the 2009 IRP is based on DVP's current assumptions regarding load growth, commodity price projections, and demand-side management ("DSM") program penetrations, as well as other regulatory and market developments throughout the planning period.

On September 18, 2009, the Commission issued an Order for Notice and Comment in this proceeding which, among other things, directed DVP to provide public notice of its IRP and afforded interested persons an opportunity to file comments or request a hearing on the Company's IRP.

Respondents the Office of Attorney General, Division of Consumer Counsel ("Consumer Counsel"), and the Virginia Committee for Fair Utility Rates ("VCFUR") filed comments. Respondents MeadWestvaco Virginia Corporation ("MeadWestvaco") and Shell Energy North America (US), L.P. ("Shell Energy"), did not file comments. The Southern Environmental Law Center, on behalf of the Chesapeake Climate Action Network, Appalachian Voices, and the Virginia Chapter of the Sierra Club (collectively, "Environmental Respondents"), filed comments and requested a hearing. AARP Virginia ("AARP") and the Electric Power Supply Association ("EPSA"), interested parties, filed comments.

Upon consideration of the comments and request for hearing filed herein, the Commission entered an Order Scheduling Hearing on February 4, 2010 which, among other things, established a procedural schedule for the filing of direct and rebuttal testimony by DVP, any respondents, and the Staff in advance of a public hearing scheduled for May 4, 2010. On February 12, 2010, by Order Modifying Procedural Schedule,[1] the Commission, among other things, modified the procedural schedule to provide for a public hearing on June 8, 2010.

On February 23, 2010, DVP pre-filed the direct testimony of Shannon L. Venable, M. Masood Ahmad, and Michael Jesensky.[2] In their testimony, the Company witnesses addressed portions of the IRP that were prepared under their supervision and provided overviews of the IRP process, the Company's load forecasting process, and the Company's DSM program selection process.

On March 18, 2010, Shell Energy pre-filed the direct testimony of Seth G. Parker of Levitan & Associates, Inc.[3] Mr. Parker's testimony focused on issues relating to DVP's plan to build new generating capacity during the 2009 IRP planning period as opposed to purchasing capacity through bilateral contracts, from the PJM capacity market, or by acquiring existing plants. Mr. Parker stated that the Company's IRP does not meet the statutory requirements and suggested that DVP should adopt IRP procedures that encourage active and robust participation by independent developers of energy efficiency, demand response, and both traditional and renewable generation resources to ensure that ratepayers receive reliable, safe, and cost-effective power supplies.

On March 18, 2010, Environmental Respondents pre-filed the direct testimony of Dr. William Steinhurst of Synapse Energy Economics, and on April 1, 2010, filed a motion seeking leave to file corrected testimony of Dr. Steinhurst that was subsequently granted by the Commission.[4] Dr. Steinhurst's testimony, as corrected, raised issues regarding the IRP's documentation of modeling, load forecast, power supply planning, investment in renewables, investment in DSM, and treatment of risk and uncertainty. Dr. Steinhurst's testimony also: (i) identified, in his view, the most important shortcomings of the filed IRP; (ii) prescribed the required remedies for those shortcomings; (iii) recommended that the Commission conditionally approve the IRP subject to DVP's submission of a revised version of the IRP in a compliance filing addressing some of the most important shortcomings in the IRP as filed, including the lack of specific Company plans for meeting its DSM goals and Renewable Portfolio Standards as well as the risks associated with the current and future regulation of mercury and coal combustion waste; and (iv) recommended that the remaining shortcomings be remedied in the Company's next Virginia IRP due in September 2011.

On April 13, 2010, the Staff pre-filed the direct testimony of David Eichenlaub of the Commission's Division of Economics and Finance.[5] The Staff recommended that the Commission accept DVP's IRP as reasonable and in the public interest. In support of this recommendation, the Staff stated that it believes DVP has complied with the requirements of § 56-597 *et seq.* of the Code and the guidelines established by the Commission in Case No. PUE-2008-00099.[6]

Furthermore, the Staff stated that it acknowledges DVP's IRP is an ongoing planning process, and further noted that the results or conclusions in the Company's IRP are subject to additional scrutiny prior to implementation. The Staff further stated that an IRP is based on a snapshot at a point in time considering current conditions and reasoned expectations of future conditions. Accordingly, the Staff stated that any determination in this proceeding should not preclude the Commission from approving or rejecting a particular supply-side or demand-side resource in the future, nor should the Commission's determination in this case create any presumption in favor, or not in favor, of a particular resource.

On April 30, 2010, VCFUR submitted additional comments regarding the IRP filed by DVP. In addition to reiterating its comments that the Commission's determination in this proceeding should not preclude the Commission from approving or rejecting a particular supply-side or demand-side resource in the future, VCFUR filed additional comments recommending that the Commission, in this case or elsewhere, require competitive bidding for new resources.

On May 4, 2010, DVP pre-filed the rebuttal testimony of Shannon L. Venable, M. Masood Ahmad, Maria F. Scheller, Glenn A. Kelly, Peter Nedwick, Michael J. Jesensky, and Emil Avram.[7] These witnesses largely addressed issues raised in the pre-filed testimony of Environmental Respondents' witness Steinhurst and Shell Energy witness Parker.

The Commission convened the public evidentiary hearing on June 8 and 9, 2010. The following participated in the hearing: DVP, VCFUR, Environmental Respondents, Shell Energy, Consumer Counsel, and Staff. No public witnesses appeared to testify. At the conclusion of the evidence in the hearing, the parties presented closing arguments to the Commission.

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[1] The Order Modifying Procedural Schedule addressed the Motion to Extend Filing Dates and Reschedule Evidentiary Proceeding filed by the Environmental Respondents on February 9, 2010.

[2] Exh. 3, 5, and 7.

[3] Exh. 10.

[4] Exh. 8.

[5] Exh. 14.

[6] *See Commonwealth of Va., ex rel. State Corp. Comm'n., Concerning Electric Utility Integrated Resource Planning Pursuant to §§ 56-597 et seq., of the Code of Virginia,* Case No. PUE-2008-00099, 2008 S.C.C. Ann. Rept. 606, Order Establishing Guidelines for Developing Integrated Resource Plans (Dec. 23, 2008).

[7] Exh. 15, 16, 17, 19, 22, 24, 25.

During the hearing, the parties raised issues primarily focusing on the IRP's treatment of DSM resources; the Company's Renewable Portfolio Standard; the effect of potential environmental regulations on the modeling process during the planning period; and meeting supply-side needs during the planning period through building new generating capacity, market purchases, and non-utility generation.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the IRP of DVP is reasonable and is in the public interest under § 56-599 E of the Code. The Commission supports Staff's position that an IRP is based on a snapshot in time and by its own terms is not a commitment to a specific course of action. The IRP is a planning document, not a document that will control future decisions on specific resources. 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.

We further find that DVP should not be required to make a compliance filing in this proceeding as recommended by the Environmental Respondents. While the issues raised by the Environmental Respondents relating to DSM, Renewable Portfolio Standards, and proposed environmental control standards such as, for example, mercury, may have merit and should be considered by the Company in its future IRPs, we do not believe such a compliance filing is necessary for purposes of finding the current IRP is reasonable and in the public interest.

Accordingly, IT IS ORDERED THAT this matter is dismissed from the Commission's active docket and the papers filed herein placed in the Commission's file for ended causes.

CASE NO. PUE-2009-00097
AUGUST 6, 2010

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

Section 56-599 B of the Code of Virginia ("Code") mandates that each electric utility in the Commonwealth of Virginia file an integrated resource plan ("IRP") with the State Corporation Commission ("Commission") by September 1, 2009. An IRP, as defined by § 56-597 of the Code, is "a document developed by an electric utility that provides a forecast of its load obligations and a plan to meet those obligations by supply side and demand side resources over the ensuing 15 years to promote reasonable prices, reliable service, energy independence, and environmental responsibility." Pursuant to § 56-599 E of the Code, the Commission must determine whether an IRP is reasonable and in the public interest.

On September 1, 2009, Appalachian Power Company ("APCo" or "Company") filed its IRP with the Commission as required by § 56-599 B of the Code. In its IRP, APCo stated that it serves a population of about 2.2 million (958,000 retail customers) in a 19,260 square-mile area in the southwestern portions of Virginia and West Virginia. Further, APCo noted that it is one of the operating companies in the AEP System - East Zone ("AEP-East") of its parent company, American Electric Power Corporation ("AEP"). APCo asserted that because of this relationship, the Company's resource planning must be considered in the context of AEP-East, which collectively serves a population of 7.2 million (3.3 million retail customers) in a 41,000 square-mile area in parts of Indiana, Kentucky, Michigan, Ohio, Tennessee, Virginia and West Virginia. Accordingly, APCo filed in Virginia a copy of the current AEP-East IRP, together with supplemental material and information the Company asserted would be consistent with the Commission's December 23, 2008 Order Establishing Guidelines for Developing Integrated Resource Plans in Case No. PUE-2008-00099.[1]

On September 18, 2009, the Commission issued an Order for Notice and Comment in this proceeding which, among other things, directed APCo to provide public notice of its IRP and afforded interested persons an opportunity to file comments or request a hearing on the IRP. Comments concerning APCo's IRP were received from the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"), AARP Virginia, and the Old Dominion Committee for Fair Utility Rates ("Old Dominion Committee"). Comments and a request for hearing were filed electronically by the Southern Environmental Law Center ("SELC") on behalf of itself and Chesapeake Climate Action Network, Appalachian Voices, and the Virginia Chapter of the Sierra Club (collectively "Environmental Respondents"), on Friday, November 13, 2009.[2]

Upon consideration of the comments and request for hearing filed herein, the Commission entered an Order Scheduling Hearing on January 19, 2010 which, among other things, established a procedural schedule to provide for the filing of direct and rebuttal testimony by APCo, any respondents, and the Staff in advance of a public hearing scheduled for May 18, 2010. As permitted by the Order Scheduling Hearing, APCo, in lieu of pre-filing direct testimony, chose to designate five witnesses who would adopt and sponsor various portions of the IRP.[3] APCo designated Lonni Dieck, John Torpey, John McManus, William Castle, and Mark Gilbert to sponsor the Company's IRP.

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[1] *Commonwealth of Va., ex rel. State Corp. Comm'n., Concerning Electric Utility Integrated Resource Planning Pursuant to §§ 56-597 et seq., of the Code of Virginia*, Case No. PUE-2008-00099, 2008 S.C.C. Ann. Rept. 606, Order Establishing Guidelines for Developing Integrated Resource Plans (Dec. 23, 2008).

[2] The Environmental Respondents' comments and request for hearing were filed electronically after the close of business on November 13, 2009. Accordingly, these filings were stamped in on the next business day, Monday, November 16, 2009, and were deemed filed on that date pursuant to the Commission's Rules of Practice and Procedure. On November 18, 2009, SELC filed on behalf of the Environmental Respondents a Motion for Leave to File Out of Time and to File Corrected Documents ("Motion"). No objections to the Environmental Respondents' Motion were filed, and the Motion was granted by the Commission as part of the Order Scheduling Hearing issued on January 19, 2010.

[3] Exh. 4.

The Environmental Respondents pre-filed the direct testimony Dr. William Steinhurst of Synapse Energy Economics. On April 1, 2010, the Environmental Respondents filed a motion seeking leave to file corrected testimony of Dr. Steinhurst, which was subsequently granted by the Commission.[4] Dr. Steinhurst's testimony, as corrected, raised issues regarding the IRP's documentation of modeling, power supply planning, plans for investment in demand-side management ("DSM"), and treatment of risk and uncertainty. Dr. Steinhurst's testimony also: (i) identified the most important shortcomings of the filed IRP; (ii) prescribed the required remedies for those shortcomings; (iii) recommended that the Commission conditionally approve the IRP subject to APCo's submission of a revised IRP in a compliance filing addressing some of the most important shortcomings of the IRP as filed, including the risks associated with the current and future regulation of mercury and coal combustion waste; and (iv) recommended that the remaining shortcomings be remedied in the Company's next Virginia IRP due in September 2011.[5]

The Staff of the Commission ("Staff") pre-filed the direct testimony of Diane Jenkins of the Commission's Division of Economics and Finance on April 13, 2010.[6] The Staff recommended that the Commission accept APCo's IRP as reasonable and in the public interest. In support of this recommendation, the Staff stated that it believes APCo's IRP complies with the requirements of § 56-597 *et seq.* of the Code and the guidelines established by the Commission in Case No. PUE-2008-00099.

Furthermore, the Staff stated that it acknowledges APCo's IRP is an ongoing planning process, and further noted that the results or conclusions in the Company's IRP are subject to additional scrutiny prior to implementation. The Staff further stated that an IRP is based on a snapshot at a point in time considering current conditions and reasoned expectations of future conditions. Accordingly, the Staff stated that any determination in this proceeding should not preclude the Commission from approving or rejecting a particular supply-side or demand-side resource in the future, nor should the Commission's determination in this case create any presumption in favor, or not in favor, of a particular resource.

Staff further acknowledged that future IRPs may be improved upon with increased stakeholder input and with greater emphasis on the costs and benefits of APCo's participation in the AEP-East pool that includes a review of alternatives for addressing APCo's capacity deficit position. Specifically, Staff recommended that any future IRP include an analysis of costs and benefits of any steps that can be taken to alleviate APCo's long-standing capacity deficit position.

APCo pre-filed the rebuttal testimony of Lonni Dieck, John Torpey, John McManus, and William Castle on May 4, 2010.[7] These witnesses largely addressed the issues raised in the pre-filed testimony of Staff witness Jenkins and Environmental Respondents' witness Steinhurst. For example, APCo witness Dieck stated that APCo was committed to working with the Staff in a collaborative effort, either separately or as part of a larger stakeholder process, to provide information regarding the benefits and costs associated with APCo's participation in the AEP-East Pool. To this end, APCo committed to meet with Staff, following the order in this case, to discuss matters related to the AEP-East Pool, which could then be addressed in a separate appendix to the schedules that will be submitted under the IRP Guidelines in APCo's next IRP filing.

On May 11, 2010, the Old Dominion Committee submitted additional comments regarding the IRP filed by APCo. In addition to reiterating its comments that the Commission's determination in this proceeding should not preclude the Commission from approving or rejecting a particular supply-side or demand-side resource in the future, the Old Dominion Committee filed additional comments related to the evidence received in APCo's going-in rate case in PUE-2009-00030, and the Staff's pre-filed testimony related to the effect of AEP decisions regarding assignment of generation capacity on the rates of APCo customers. The Old Dominion Committee recommended that, if the Commission approves the IRP, the Company be required, as a condition of such approval, to analyze and, if appropriate, present a plan to mitigate the ongoing adverse rate impact on APCo of AEP's recent capacity allocation decisions for AEP-East.

Counsel for APCo, the Environmental Respondents, the Old Dominion Committee, Consumer Counsel and the Commission Staff appeared at the hearing on May 18, 2010.[8] No public witnesses appeared to testify. During the hearing, the issues and testimony largely focused on whether the IRP as filed by APCo was sufficient for the Commission to determine the IRP was reasonable and in the public interest as required by § 56-599 E of the Code, or whether additional compliance filings should be required. At the conclusion of the evidence in the hearing, the parties presented closing arguments to the Commission.

APCo, citing the pre-filed direct testimony of the Staff, argued that the Commission should determine that the IRP is reasonable and in the public interest as required by § 56-599 E of the Code. APCo also opposed the Environmental Respondents' recommendation that it be required to revise its IRP in a compliance filing to address those issues raised by the Environmental Respondents; however, the Company did indicate its willingness to work with the Staff and other stakeholders in an effort to improve any future IRP filings.[9]

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[4] Exh. 6. *See* Order dated April 13, 2010.

[5] *Id*. at 13-14.

[6] Exh. 8.

[7] Exh. 9, 10, 11, and 12.

[8] AARP Virginia did not participate in the hearing but, as noted above, did file comments on November 13, 2009, in accordance with the Commission's Order for Notice and Comment. AARP Virginia's comments noted that its primary concern was that APCo's IRP is a multi-state document that fails to provide Virginia-specific information on the costs and benefits of its proposed plan. AARP Virginia asserts that the entire analysis of costs and benefits is presented on the AEP-East basis and does not allow for Virginia customers or the Virginia SCC to determine its impacts on Virginia customers given current rates paid for essential electricity service. AARP Virginia also addressed concerns over APCo's approach to DSM programs, to system efficiency and line loss reduction, and to consumer reaction to APCo's plans.

[9] Tr. at 11-12, 164-166, 168-69.

The Environmental Respondents argued that the IRP contained fundamental deficiencies arising from a lack of emphasis on DSM and the costs related to impending regulation of mercury and coal combustion waste.[10]

As noted above, the Old Dominion Committee argued that the Commission should require further analysis and, if appropriate, an action plan for APCo to minimize its generation capacity costs as a condition of approval of this IRP.[11] The Old Dominion Committee's primary concern was the effect on APCo's ratepayers of the increasing capacity equalization payments under the Interconnection Agreement and APCo's pattern of assigning relatively less expensive capacity to other AEP-East companies while assigning high-cost new wind-generation capacity to APCo.[12]

Consumer Counsel reiterated the comments it filed previously with the Commission, and it further recommended that future APCo IRPs contain a resource analysis to demonstrate the extent to which new wind resources are being added to meet or exceed Renewable Portfolio Standard requirements. Consumer Counsel further recommended that APCo's future IRPs explain the rationale and economic impact of allocation to APCo, both in terms of wind ownership and the offset to capacity equalization charges.[13]

The Staff argued that the IRP complies with the legislative requirements of the Code and, therefore, can be determined to be reasonable and in the public interest as the first planning tool submitted under the current regulatory protocol. Accordingly, while recommending that the Commission find the IRP as filed in September of 2009 to be reasonable and in the public interest, the Staff suggested that future IRPs should be improved to address issues affecting APCo's ratepayers. According to the Staff, questions surrounding the impact on APCo's customers from the growing capacity equalization charges arising from APCo's long-standing capacity deficient position among the utilities in the AEP-East pool should be addressed in any future IRP by making the IRP more APCo focused and including an analysis of the costs and benefits of any steps that can be taken to alleviate the long-standing capacity deficient position of APCo, including, but not limited to, (i) building new generation and (ii) transferring generation from other AEP-East companies who are either seeking to transfer or sell assets or are expected to remain in positions of capacity surplus.[14]

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the IRP of APCo is reasonable and is in the public interest under § 56-599 E of the Code. However, in future IRP filings, APCo's IRP should not, as in this docket, concentrate as heavily on planning for AEP-East as a whole but should also be more focused on cost reduction measures and planning for APCo individually. Additionally, APCo needs to address more fully (i) its continued capacity deficit position; (ii) the pattern of being assigned higher cost capacity than is assigned to other AEP-East companies; and (iii) ways to reduce APCo's capacity equalization charges. Furthermore, the Commission supports Staff's position that an IRP is based on a snapshot in time and by its own terms is not a commitment to a specific course of action. The IRP is a planning document, not a document that will control future decisions on specific resources. 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.

Finally, we find that APCo should not be required to make a compliance filing in this proceeding as recommended by the Environmental Respondents. While the issues raised by the Environmental Respondents relating to DSM and proposed environmental control standards, such as, for example, mercury, may have merit and should be considered by the Company in its future IRPs, we do not believe such a compliance filing is necessary for purposes of finding the current IRP is reasonable and in the public interest.

Accordingly, IT IS ORDERED THAT this matter is dismissed from the Commission's active docket and the papers filed herein placed in the Commission's file for ended causes.

[10] Tr. at 39-47, 66-68, 157-160.

[11] Tr. at 22-24, 160-61.

[12] Tr. at 19-22.

[13] Tr. at 29.

[14] Tr. at 22, 127-133, Exh. 8 at 19-20.

CASE NO. PUE-2009-00098
FEBRUARY 9, 2010

JOINT PETITION OF
SKYLINE WATER CO., INC.,
REBEL WATER WORKS, INC.,
and
AQUA VIRGINIA , INC.

For approval of a transfer of utility assets and for the transfer of a certificate of public convenience and necessity

FINAL ORDER

On September 18, 2009, Aqua Virginia, Inc. ("Aqua Virginia"), Skyline Water Co., Inc. ("Skyline"), and Rebel Water Works, Inc. ("Rebel") (collectively, "Parties" or "Joint Petitioners"), filed a completed Joint Petition with the State Corporation Commission ("Commission").[1] The Parties have

[1] The Parties first filed their Joint Petition on September 3, 2009, but the Joint Petition was deemed incomplete until additional material was filed on September 18, 2009. Moreover, in both the September 3, 2009 and September 18, 2009 filings, the Parties incorrectly referred to Skyline Water Co., Inc., as

petitioned the Commission for approval of: (i) the acquisition and disposition of utility assets of Skyline and Rebel pursuant to the Utility Transfers Act;[2] (ii) the transfer of Skyline's certificate of public convenience and necessity for the provision of public utility service to Aqua Virginia pursuant to the Utility Facilities Act;[3] (iii) the discontinuation of the Plant Improvement Contribution Surcharge ("PICS") for the Pelham Manor system; and (iv) any further relief the Commission deems necessary.

On October 28, 2009, the Commission entered its Order for Notice and Comment wherein the Joint Petitioners were instructed to provide notice of their Joint Petition to all customers on or before November 24, 2009; interested persons were invited to file written comments or request a hearing on or before December 18, 2009[4]; the Commission Staff was directed to analyze the reasonableness of the Joint Petition and file a Staff Report on or before January 14, 2010; and the Joint Petitioners were given an opportunity to respond to the Staff Report by January 29, 2010.

On January 14, 2010, the Commission Staff filed its Report, in which the Staff recommended: (i) approval of the proposed transfer of the water system assets of Skyline and Rebel to Aqua Virginia under the Utility Transfers Act subject to several requirements; (ii) approval of the transfer of Skyline's certificate of public convenience and necessity to Aqua Virginia pursuant to § 56-265.3 D of the Code of Virginia ("Code") and the amendment of Aqua Virginia's certificate of public convenience and necessity pursuant to § 56-265.3 D of the Code; and (iii) approval of the discontinuation of the PICS for the Pelham Manor system. Staff recommended that the proposed transfer be approved subject to the following requirements:

1) Within ninety (90) days of completing the proposed transfer, the Joint 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 the actual accounting entries on Aqua Virginia's books to reflect the transfer. Such accounting entries should be in accordance with the Uniform System of Accounts ("USOA"), which includes separately booking the difference between the purchase price and the utility assets' net book value as an acquisition adjustment to Account 114.

2) Skyline and Rebel should be directed to provide all records related to the transferred assets to Aqua Virginia at closing, which should be directed to maintain them henceforth in accordance with the USOA.

3) The Commission's Utility Transfers Act approval of the proposed transfer should have no ratemaking implications. In particular, the Commission's Utility Transfers Act approval should not guarantee recovery of any costs directly or indirectly related to the transfer.

4) The Commission should direct Aqua Virginia that:

   a) The quality of service in the Skyline and Rebel service territories should not deteriorate due to a lack of maintenance or capital investment;

   b) The quality of service in the Skyline and Rebel service territories should not deteriorate due to a reduction in the number of employees providing services; and

   c) Aqua Virginia should continue to maintain a high degree of cooperation with the Commission Staff and should take all actions necessary to ensure Aqua Virginia's timely response to Staff inquiries with regard to its provision of service in Virginia.

5) Aqua Virginia should maintain a separate set of accounting records for Skyline and Rebel and continue to do so until the Commission finds such records should be merged into Aqua Virginia's books and records.

6) Aqua Virginia should file a separate Annual Financial and Operating Report for the Skyline and Rebel water systems with the Division of Public Utility Accounting.

On January 26, 2010, the Joint Petitioners, by counsel, advised the Commission that they did not intend to file any response to the January 14, 2010 Staff Report.

NOW THE COMMISSION, having considered the Joint Petition, Staff Report, public comments, and applicable law, is of the opinion and finds that the proposed transfer will not impair or jeopardize adequate service to the public at just and reasonable rates and, therefore, should be approved. The Commission further finds that all of Staff's recommendations should be accepted and made a part of this Order.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the Utility Transfers Act, Skyline and Rebel are hereby authorized to transfer the utility assets comprising their water systems to Aqua Virginia consistent with the findings above and subject to all recommendations of the Commission Staff in its January 14, 2010 Staff Report.

(2) The PICS fee for the Pelham Manor system shall be discontinued.

Skyline Water Works, Inc. On October 14, 2009, the Parties filed an amended Verification, which properly referred to Skyline Water Co., Inc., instead of Skyline Water Works, Inc.

[2] Va. Code § 56-88 *et seq*.

[3] Va. Code § 56-265.1 *et seq.*

[4] Two public comments were submitted to the Commission.

(3) The Joint Petitioners are hereby authorized to transfer Skyline's certificate of public convenience and necessity to Aqua Virginia pursuant to § 56-265.3 D of the Code.

(4) Aqua Virginia's current certificate of public convenience and necessity is hereby amended pursuant to § 56-265.3 D of the Code to include the Dutch Hollow, Forest View, and Rebel assets, which were the subject of the Joint Petition.

(5) There appearing nothing further to be done in this matter, it is hereby dismissed.

CASE NO. PUE-2009-00101
MAY 14, 2010

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

ORDER

On September 15, 2009, Rappahannock Electric Cooperative ("REC") and Shenandoah Valley Electric Cooperative ("SVEC") (collectively, "Cooperatives"), and The Potomac Edison Company d/b/a Allegheny Power ("Potomac Edison") (collectively, "Joint Petitioners") filed a joint petition and application ("Joint Petition") with the State Corporation Commission ("Commission") pursuant to §§ 56-89, 56-90, 56-265.2, and 56-265.3 of the Code of Virginia ("Code"). The Joint Petitioners request as follows:

> (a) approve a transaction that will result in the sale of Potomac Edison's electric distribution facilities located in its Virginia service territory to the Cooperatives; (b) issue to the Cooperatives certificates of public convenience and necessity for the acquisition of facilities and to furnish electric service in Potomac Edison's current Virginia retail distribution service territory; (c) cancel Potomac Edison's certificates of public convenience and necessity to provide electricity at retail in Virginia; (d) issue to Potomac Edison a certificate of public convenience and necessity authorizing it to operate transmission lines and facilities in the counties in which it currently provides such services; and (e) grant such further approvals and relief as are requested in this Joint Petition and Joint Application; and (f) grant such further relief as may be appropriate.[1]

Potomac Edison is a Virginia public service company that provides retail electric service to approximately 102,000 customers in northwestern Virginia. REC and SVEC are both not-for-profit electric cooperatives owned by, and operated for the benefit of, their member consumers. REC has approximately 104,000 customers in sixteen counties. SVEC has approximately 39,000 customers in Augusta, Rockingham, and Shenandoah Counties.

The Joint Petitioners have entered into two separate asset purchase agreements that would, if approved by the Commission, confer on the Cooperatives the rights and obligations to provide retail electric utility service in all of Potomac Edison's current Virginia service territory, transfer Potomac Edison's Virginia distribution facilities to the Cooperatives, and release Potomac Edison from its rights and obligations to provide retail utility service in the Commonwealth.

Specifically, REC would purchase Potomac Edison's distribution facilities in Fauquier, Rappahannock, Culpeper, Orange, Madison, Greene, Albemarle, and parts of Clarke, Frederick, Page, Shenandoah, and Warren Counties ("new REC territory") and would serve Potomac Edison's current customers in the new REC territory. SVEC would purchase Potomac Edison's distribution facilities in Shenandoah, Page, Highland, and parts of Frederick, Clarke, and Warren Counties, as well as all of the City of Winchester ("new SVEC territory") and would serve Potomac Edison's current customers in the new SVEC territory. Neither Cooperative proposes to acquire any of Potomac Edison's transmission facilities.

The estimated purchase price in the Joint Petition for the distribution facilities and other associated attributes of retail service in Virginia ("Virginia Assets") is approximately $350 million in total. REC is proposing to purchase Potomac Edison's Virginia Assets in the new REC territory for approximately $183 million, and SVEC is proposing to purchase Potomac Edison's Virginia Assets in the new SVEC territory for approximately $167 million, subject in each transaction to post-closing adjustments to true-up the net book value of the acquired assets, customer deposits, and accounts receivable.

The Cooperatives have agreed to be bound by the rates and charges set out in the Commission's Order dated November 26, 2008, in Case No. PUE-2008-00033 and the Stipulation attached to that Order, with respect to the Virginia Assets, for the time periods set forth therein.[2] Thus, the Joint Petitioners maintain that the transaction will have no immediate impact on the rates of Potomac Edison's Virginia customers who will be transferred to the Cooperatives. To assist in the fulfillment of this obligation, Old Dominion Electric Cooperative ("ODEC") would assume certain contractual obligations to serve Potomac Edison's former retail customers in Virginia through June 30, 2011. After June 30, 2011, it is proposed that the process of setting rates for the former Potomac Edison customers would be the same process applicable to the Cooperatives' current customers.

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[1] Joint Petition at 60-61.

[2] *Application of The Potomac Edison Company d/b/a Allegheny Power, For an increase in its electric rates pursuant to Va. Code §§ 56-249.6 and 56-582 and, alternatively, request to modify Memorandum of Understanding and Order in Case No. PUE-2000-00280*, Case No. PUE-2008-00033 (Nov. 26, 2008).

The Cooperatives would also assume most post-closing liabilities, as well as some pre-closing liabilities, including certain regulatory liabilities; limited liabilities relating to the remediation of hazardous substances; liabilities related to customer deposits and unearned pole attachment rental revenue; and cost of removal obligations associated with the Virginia Assets. Potomac Edison would remain liable for all liabilities related to the Virginia Assets not specifically assumed by the Cooperatives. The asset purchase agreements provide for customary representations and warranties, covenants, and indemnifications.

The Joint Petitioners assert that, in compliance with § 56-90 of the Code, the transfer of the Virginia Assets to the Cooperatives will neither impair nor jeopardize adequate service to the public at just and reasonable rates. The Joint Petitioners further assert that, in compliance with § 56-265.2 of the Code, the allotment of the current Potomac Edison Virginia service territory to REC and SVEC is in the public interest, as it will provide a number of benefits that will improve the economics, reliability, and operation and maintenance of the distribution facilities in Potomac Edison's current Virginia service territory, and will result in the continued provision of adequate, safe, and reliable service at just and reasonable rates.

On September 30, 2009, REC and SVEC filed for approval of special rate schedules pursuant to § 56-235.2 of the Code. The Cooperatives requested that the Commission grant them approval to implement transitional rate schedules for Potomac Edison's current customers in the new REC territory and in the new SVEC territory should the Joint Petition be granted. As is mentioned above, these specialized, transitional rate schedules are consistent with the rates and charges set forth in the November 26, 2008 Order in Case No. PUE-2008-00033, and the Stipulation attached to that Order. Thus, these requests for approval of special, transitional rate schedules would not result in any immediate changes to the rates and charges assessed to the former customers of Potomac Edison. Nor would these filings result in any immediate changes in the rate schedules applicable to the Cooperative's current member customers.

The Cooperatives also requested that the September 30, 2009 filings be coordinated with all other petitions or applications related to the transaction that, if approved, would result in the sale of Potomac Edison's distribution facilities located in its Virginia service territory to REC and SVEC.

On October 9, 2009, the Commission issued an Order for Notice and Hearing that established the procedural requirements for this matter, required the Joint Petitioners to publish notice, permitted the filing of written and electronic public comments, and scheduled a public evidentiary hearing. The Commission also deemed the Cooperatives' September 30, 2009 filings as supplemental filings to, and as part of, the Joint Petition.[3]

The following filed notices of participation in this case: Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel"); Board of Supervisors of Frederick County ("Frederick County"); City of Winchester;[4] and Bear Island Paper Company. On February 18, 2010, a Notice of Participation and Motion for Leave to File Out of Time was filed by Comcast of Colorado/Pennsylvania/West Virginia, LLC, Comcast of California/Maryland/ Pennsylvania/Virginia/West Virginia, LLC, and Comcast of Connecticut/Georgia/Massachusetts/ New Hampshire/New York/North Carolina/Virginia/Vermont, LLC (collectively, "Comcast").[5]

The Commission convened the public evidentiary hearing on March 2, 3, 4, 5, and 8, 2010. The following participated in the hearing: Joint Petitioners; Frederick County; Consumer Counsel; and Commission Staff ("Staff"). By Orders dated April 2 and 20, 2010, the Commission delayed the filing of post-hearing briefs at the request of the participants in this case.

On April 27, 2010, the Joint Petitioners filed a Motion to Accept Stipulation and for Delay of Filing of Post-Hearing Briefs ("Motion"). The Joint Petitioners state that: (1) Potomac Edison, REC, SVEC, Frederick County, and Consumer Counsel "have jointly executed a Stipulation [('Stipulation')] (Attachment A to this Motion) that will mitigate the projected rate increases to the former Potomac Edison customers as well as the other customers of the Cooperatives;" (2) "Consumer Counsel and Frederick County have authorized the Joint Petitioners to state that they support the Commission's granting of this Motion and approval of the Stipulation;" (3) "Staff takes no position on the Stipulation or Motion insofar as it relates to the Stipulation, but supports an indefinite delay in the filing date of the briefs to allow the Commission to consider the Stipulation;" and (4) the Joint Petitioners "respectfully request that the Commission accept the Stipulation and enter an Order adopting its terms, delaying indefinitely the submission of the post hearing briefs, and approving the Joint Petition."[6]

The Stipulation includes, among other things, the following provisions: (1) "Potomac Edison agrees to contribute $27,500,000 to reduce the rate impacts on the . . . power supply costs [for the former customers of Potomac Edison ('Transitioning Customers')];" (2) the "Cooperatives agree . . . to defer collectively the collection of $5,000,000 in purchased power costs from the Transitioning Customers for the period of July 1, 2012 through June 30, 2013 with such deferral to be collected from the Transitioning Customers in the period of July 1, 2013 through June 30, 2014;" (3) "Potomac Edison agrees to contribute an additional $35,000,000 to reduce the acquisition premium by this amount, which will have the effect of reducing base rates for all customers of the Cooperatives compared to base rates without such reduced acquisition premium;" (4) the "Cooperatives agree that there is to 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;" and (5) "the Cooperatives agree to limit any such proposed base rate increase to the Transitioning Customers' distribution rates in 2014[, 2015, and 2016] to an amount no greater than that which would result in a 5% increase in a typical 1,000 kWh per month Transitioning Customers' total bill."[7]

On April 28, 2010, the Commission issued an Order that suspended the filing of post-hearing briefs and scheduled a hearing to receive evidence on the Stipulation.

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[3] In addition, on April 7, 2010, REC and SVEC filed Revised Special Rate Tariffs applicable to the Cooperatives' respective Levelized Purchased Power Factor schedules.

[4] The City of Winchester subsequently withdrew its notice of participation.

[5] The Commission subsequently denied Comcast's motion for leave to file a notice of participation out of time. Tr. 15-31. Comcast, however, also submitted written comments and presented a public witness at the evidentiary hearing.

[6] Motion at 2-3.

[7] Stipulation at 3-4.

On May 3, 2010, the Commission held a hearing to receive evidence on the Stipulation.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that: (1) the Joint Petition is approved subject to the requirements set forth herein; and (2) if the Joint Petitioners do not accept the requirements set forth herein, the Joint Petition is denied.

Code of Virginia

Section 56-90 of the Code states in part as follows:

> If and when the Commission, with or without hearing, shall be satisfied that adequate service to the public at just and reasonable rates will not be impaired or jeopardized by granting the prayer of the petition, the Commission shall make such order in the premises as it may deem proper and the circumstances require, and thereupon it shall be lawful to do the things provided for in such order, ...

Section 56-265.2 A of the Code states in part as follows:

> It shall be unlawful for any public utility to construct, enlarge or acquire, by lease or otherwise, any facilities for use in public utility service, except ordinary extensions or improvements in the usual course of business, without first having obtained a certificate from the Commission that the public convenience and necessity require the exercise of such right or privilege.

Section 56-265.3 B of the Code states as follows:

> On initial application by any company, the Commission, after formal or informal hearing upon such notice to the public as the Commission may prescribe, may, by issuance of a certificate of convenience and necessity, allot territory for development of public utility service by the applicant if the Commission finds such action in the public interest.

Joint Petition

We conclude that the Joint Petition, as originally filed, does not satisfy the statutory standards above. The original proposal required the Cooperatives to pay an acquisition premium of more than $120 million. Unlike investor-owned utilities, the Cooperatives do not have shareholders that could absorb all or part of an acquisition premium. In addition, the original proposal would have resulted in a significant and unreasonable rate impact on Transitioning Customers.

Certain aspects contained in the Stipulation address these issues to some degree. The Stipulation reduces the acquisition premium by $35,000,000 and mitigates the rate impact on Transitioning Customers by: (i) reducing power supply costs by $27,500,000; (ii) deferring collection of $5,000,000 in purchased power costs; (iii) precluding a base rate increase prior to July 1, 2014; and (iv) providing other limits on rate increases. The Stipulation also provides for modifications to the governance structures of the Cooperatives' respective Boards of Directors to reflect the new REC and SVEC territories.

Based upon the record in this case, even with the reduced premium and limited mitigation of power supply costs, Transitioning Customers are likely to see rate increases in the future. If these customers remained with Potomac Edison, there is also a likelihood that rates would rise. The record shows that there is rate exposure to these customers under either scenario. However, by approving the Joint Petition subject to the requirements set forth below, the Transitioning Customers will be significantly benefited in that they will no longer be served – as they would by Potomac Edison – at power supply prices that are subject solely to the vagaries of the wholesale market; rather, the Transitioning Customers will be served from a more diverse portfolio of assets via the Cooperatives' contractual relationship with ODEC.

Accordingly, we find that the Joint Petition, subject to the key requirements set forth below, satisfies the relevant statutory standards attendant to this case.[8] The requirements set forth below (a) are based, in part, upon certain provisions in the Stipulation, and (b) include modifications and additional ratemaking requirements that are necessary to ensure that this transaction does not result in unintended and unreasonable rate impacts. Specifically, we conclude that the following requirements are necessary to find that approval herein is in the public interest and to be satisfied that adequate service to the public at just and reasonable rates will not be impaired or jeopardized:

1) Potomac Edison shall contribute $27,500,000 to reduce the rate impacts on the Transitioning Customers' power supply costs. This contribution will directly decrease the costs that the Cooperatives attribute to purchased power used to serve the Transitioning Customers by $20,000,000 from July 1, 2011, through June 30, 2013, as set forth in the hearing in Exhibit 40, and by $7,500,000 from July 1, 2014 through June 30, 2015. These savings will flow directly to the Transitioning Customers through a wholesale purchase power adjustment clause that the Cooperatives will maintain for the Transitioning Customers, which will be separate from such adjustments used for the other customers of the Cooperatives. To fund

[8] In addition, we find that the requirements requested by Comcast regarding pole attachment rates are not necessary in order for the Joint Petition, as modified by the Stipulation and subject to the additional requirements herein, to comply with the applicable statutory standards. *See, e.g.,* Tr. 16. For example: (1) we find that any potential impact on Comcast's Virginia consumers from possible changes in pole attachment rates is speculative; and (2) the Code provides that upon request by a telecommunications service provider or cable television system to a public utility, "both the public utility and the telecommunications service provider or cable television system shall negotiate in good faith to arrive at a mutually agreeable contract for attachments to the public utility's poles by the telecommunications service provider or cable television system." Tr. 16-30; Va. Code § 56-466.1 B.

these reductions in rates to Transitioning Customers, Potomac Edison will pay to the Cooperatives $17,500,000 on July 1, 2011, $2,500,000 on July 1, 2012, and $7,500,000 on July 1, 2014.[9]

2) The Cooperatives shall, as set forth in Exhibit 40, defer collectively the collection of $5,000,000 in purchased power costs from the Transitioning Customers for the period of July 1, 2012, through June 30, 2013, with such deferral to be collected from Transitioning Customers in the period of July 1, 2013, through June 30, 2014.[10]

3) Potomac Edison shall contribute an additional $35,000,000 to reduce the acquisition premium by this amount, which will have the effect of reducing base rates for all customers of the Cooperatives compared to base rates without such reduced acquisition premium.[11]

4) There 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.[12]

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.[13]

6) Upon the effective date of the transaction approved herein, the Cooperatives shall adopt governance structures as to their respective Boards of Directors as set forth in Exhibit 54 (as to REC) and Exhibit 52 (as to SVEC).[14]

7) Potomac Edison and the Cooperatives shall amend their respective Asset Purchase Agreements consistent with this Order.[15]

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.

9) The Cooperatives shall agree not to modify base rates without Commission approval. This requirement shall apply through December 31, 2019, and is applicable to both Transitioning Customers and customers in the Cooperatives' existing territories.

Finally, we note that public comments submitted in this case addressed, among other issues, (1) providing representation from the new REC and SVEC territories on the Cooperatives' respective Boards of Directors, and (2) mitigating rate increases to the Transitioning Customers. The requirements above address both of these concerns. Indeed, no locality has opposed the transaction we approve today, and affirmative support for this transaction was submitted by Frederick County,[16] the City of Winchester,[17] and the Highland County Board of Supervisors.[18] Furthermore, Consumer Counsel similarly recommended approval of the Joint Petition as modified by the provisions of the Stipulation.[19]

Accordingly, IT IS HEREBY ORDERED THAT:

(1) The Joint Petition is approved subject to the requirements set forth herein.

[9] Ex. 57 at 3 (Stipulation).

[10] *Id.*

[11] *Id.*

[12] *Id.* at 4.

[13] *See id.* at 4-5.

[14] *Id.* at 5.

[15] *Id.*

[16] *See* Stipulation.

[17] Tr. 35.

[18] Comments submitted on January 28, 2010.

[19] *See* Stipulation; *see also* Tr. 1034-1040.

(2) Within ten (10) days from the date of this Order, Potomac Edison, REC, and SVEC shall file a notice of acceptance with the Commission if the Joint Petitioners accept approval of the Joint Petition subject to the requirements set forth herein. Such notice of acceptance shall be (i) signed by counsel for each Joint Petitioner, and (ii) signed and verified by the president or any vice-president and the secretary or any assistant secretary for each Joint Petitioner. Upon the timely filing of such notice of acceptance, the Commission further orders as follows:

(a) Potomac Edison, REC, and SVEC are directed to comply with this Order.

(b) The certificates of public convenience and necessity previously issued to Potomac Edison, as listed in attached Appendix A, are cancelled.

(c) The new and revised certificates of public convenience and necessity, listed in the attached Appendix B, relating to REC's acquisition of Potomac Edison's utility facilities in Virginia and the provision of service in Potomac Edison's former territory, are issued to REC. Appropriate certificates and maps shall be issued by the Commission's Division of Energy Regulation and sent to REC.

(d) The new and revised certificates of public convenience and necessity, listed in the attached Appendix C, relating to SVEC's acquisition of Potomac Edison's utility facilities in Virginia and the provision of service in Potomac Edison's former territory, are issued to SVEC. Appropriate certificates and maps shall be issued by the Commission's Division of Energy Regulation and sent to SVEC.

(e) Within seven (7) days of consummation of the transactions approved herein, REC and SVEC shall file with the Clerk of the Commission a report of action providing the date the transactions took place.

(f) Within thirty (30) days of completing the transactions approved herein, subject to administrative extension by the Commission's Director of Public Utility Accounting, REC and SVEC shall file reports with the Commission showing the accounting entries reflecting the respective transactions on the party's books.

(g) Within thirty (30) days of the date of this Order, REC and SVEC shall file with the Commission's Division of Energy Regulation tariffs to become effective upon consummation of the transaction approved herein.

(3) If the Joint Petitioners do not timely file the notice of acceptance referenced in (2), above, the Joint Petition is denied.

(4) This case is continued.

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

CASE NO. PUE-2009-00102
JUNE 2, 2010

APPLICATION OF
APPALACHIAN POWER COMPANY

For approval pursuant to Va. Code § 56-585.2 of purchase power agreements as part of its participation in the Virginia renewable energy portfolio standard program

ORDER DENYING APPLICATION

On September 18, 2009, Appalachian Power Company ("APCo" or "Company") filed with the State Corporation Commission ("Commission") an application pursuant to § 56-585.2 of the Code of Virginia ("Code") for approval of purchase power agreements ("PPAs") as part of its participation in the Virginia renewable energy portfolio standard ("RPS") program ("Application"). Specifically, the Application involves three PPAs under which the Company "will purchase energy: two for the Grand Ridge wind project (collectively, 'Grand Ridge') and one for the Beech Ridge wind project ('Beech Ridge')."[1] The Company has contracted for 100.5 MW from Beech Ridge and 100.5 MW from Grand Ridge in the PPAs, or a combined 201 MW of nameplate capacity.[2]

The Company requested that the Commission: (1) "find the Grand Ridge and Beech Ridge PPAs to be reasonable and prudent as part of [APCo's] participation in the [RPS program], as established by § 56-585.2 of the Code … and as approved by the Commission in Case No. PUE-2008-00003;" and (2) "find that the Company has a reasonable expectation of achieving 12 percent of its base year electric energy sales from renewable energy sources during calendar year 2022, and 15 percent of its base year electric energy sales from renewable energy sources during calendar year 2025."[3]

On October 7, 2009, the Commission issued an Order for Notice and Comment that established a procedural schedule for this matter.

On October 23 and November 20, 2009, respectively, the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel") filed a notice of participation and filed comments. Consumer Counsel stated as follows: (1) "Consumer Counsel cannot support inclusion of the three Beech

[1] Application at 3.

[2] *See, e.g.*, Application, Direct Testimony of Scott C. Weaver at 8 and Sched. 1.

[3] Application at 4-5.

Ridge and Grand Ridge contracts as part of [APCo's] RPS plan without additional information on [APCo's renewable energy certificate ('REC')] valuation and [American Electric Power Company Pool ('AEP Pool')] capacity credits for ownership of new wind purchased power agreements;" (2) "[b]ecause the three proposed contracts would allow [APCo] to meet all RPS goals, any additional renewable energy proposed by [APCo] in the future would not be needed to achieve those goals and thus should not be evaluated under the RPS statute;" (3) "Consumer Counsel proposes that, if these three contracts are approved, all future renewable energy should be evaluated to determine whether it is the least cost option;" and (4) "Consumer Counsel remains concerned with a plan that fails to minimize customer costs by selling excess RECs, an issue that the Commission will be able to address in future cost recovery proceedings."[4]

On November 20, 2009, the Old Dominion Committee for Fair Utility Rates ("Committee") filed a notice of participation and comments. The Committee stated as follows: (1) "[t]he Commission should not approve the two PPAs unless APCo demonstrates that its revenue requirements will be lower with the PPAs than with alternative supplies over the planning horizon;" (2) APCo "states that the Cumulative Present Worth (CPW) of variable and incremental fixed (generation) costs of the AEP-East resource plan that includes the Beech Ridge PPA would be *$153 million higher* over the full 27-year (2009-2035) study period, versus a resource plan that would not have included that PPA;" (3) "'[s]imilar' results apparently were calculated with respect to Grand Ridge PPAs;" and (4) "*APCo's* participation in the RPS program is voluntary[, and its] customers should not bear a greater rate burden than necessary in order for APCo to participate in the program."[5]

On December 4, 2009, APCo filed a response to the comments of Consumer Counsel and the Committee. The Company stated as follows: (1) "[t]he Commission has before it sufficient information to make the required finding that the [Beech Ridge and Grand Ridge PPAs ('Wind PPAs')] are reasonable and prudent;" (2) "[t]he Wind PPAs have a minimal impact on the rates the customers pay, and that impact will decrease over the planning horizon;" (3) APCo "is not required to demonstrate that its revenue requirements with the Wind PPAs are less than its revenue requirements without the Wind PPAs;" (4) "[t]he RECs relied on by the Company for its comparative resource planning analysis are legal and appropriate;" (5) "[t]he Application demonstrates that the allocation of wind resources is equitable, reasonable and aligned with the achievement of the RPS Goals;" and (6) "[t]he Company's planned treatment of RECs is not relevant for this proceeding."[6]

On December 18, 2009, the Commission's Staff ("Staff") filed a report in this matter ("Staff Report"). Staff stated as follows: (1) "Staff cannot recommend approval of the Company's [A]pplication at this time;" (2) "[i]n Staff's opinion, APCo has not met its burden of proof that it has a reasonable expectation of *reasonably* and *prudently* achieving the RPS Goals;" (3) "[t]he Company did not explore the purchase of low cost Tier II RECs as an option for meeting the RPS Goals [and it] appears to Staff that meeting the RPS Goals by purchasing Tier II RECs would likely be a lower cost alternative;" (4) "[t]he Company did not perform any analyses of constructing, owning, and operating 201 MW of wind and/or biomass generation facilities;" and (5) "Staff cannot evaluate whether the dual objectives of meeting the RPS Goals and obtaining 201 MW of generation capacity are best met through the proposed PPAs, other renewable resources, or through the Company developing its own renewable facilities."[7]

On December 29, 2009, APCo filed a Motion to Strike certain portions of the Staff Report "on the grounds that such portions do not comply with the terms of the Order [for Notice and Comment] as they are comprised of commentary and analysis that are far beyond the scope of, and thus irrelevant to, the Application."[8] On January 20, 2010, Staff filed a response and requested that the Commission deny the Motion to Strike. On February 3, 2010, the Company filed a reply and requested that the Commission grant the Motion to Strike.

On January 8, 2010, APCo filed a Response to Staff Report. The Company stated as follows: (1) "[t]he components of the RPS Plan remain reasonable and prudent;" (2) "[t]he Company is not required to compare the costs of participation [in the RPS program] with those of non-participation;" (3) "[t]he Company is not required to compare the costs of construction with the costs of the Wind PPAs;" (4) "Staff presented no evidence in its Report to rebut the evidence presented by the Company in its Application of the reasonable cost and prudent procurement of the Wind PPAs [nor] did Staff present any evidence that justifies the denial of the relief requested in the Application;" and (5) "[t]he Company's evidence clearly supports the Commission's determination that the Wind PPAs are reasonable and prudent components of [APCo's] previously-approved participation in the RPS Program and finding that [APCo] has a reasonable expectation of achieving the RPS Goals."[9]

On February 3, 2010, APCo filed a Motion to Supplement Response to Staff Report, which requested "that the Commission permit it to supplement its response to Staff's Report with new information regarding the Beech Ridge Wind Farm."[10] On February 16, 2010, the Commission issued an Order Granting Motion to Supplement Response to Staff Report.

On February 26, 2010, the Commission issued an Order Denying Motion, which denied APCo's December 29, 2009 Motion to Strike certain portions of the Staff Report. In addition, that Order: (1) noted that no participant in this case has requested a hearing, and, thus, the Commission will rely upon the filed documents as the basis of our final decision in this matter; and (2) granted APCo leave to amend its response to the Staff Report to address the portions thereof that it sought to strike.

On March 15, 2010, APCo filed a Supplemental Response to Staff Report. The Company asserted that: (1) "Staff has presented no evidence to rebut that presented by the Company in its Application of the reasonable cost and prudent procurement of the Wind PPAs;" (2) "[n]or does the entire [Staff] Report contain any evidence that justifies the denial of the relief requested in this Application;" (3) "[i]nstead, the evidence in the Record clearly supports the

[4] Consumer Counsel's November 20, 2009 Comments at 8.

[5] Committee's November 20, 2009 Comments at 3 (emphasis in original) (citations omitted).

[6] APCo's December 4, 2009 Comments at 1-9 (typeface modified).

[7] Staff Report at 14 (emphasis in original).

[8] Motion to Strike at 1.

[9] APCo's January 8, 2010 Response to Staff Report at 4-12 (typeface modified).

[10] Motion to Supplement Response to Staff Report at 3.

Commission's determination that the Wind PPAs are reasonable and prudent components of [APCo's] previously-approved participation in the RPS Program and its finding that Appalachian has a reasonable expectation of achieving the RPS Goals."[11]

On March 15, 2010, APCo filed a Motion to Supplement the Record, which requested "that the Commission permit it to supplement the record in this proceeding with the Amendments to the Beech Ridge Power Purchase Agreement."[12] No participant objected to, and we herein grant, such motion.[13]

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

Code of Virginia

Section 56-585.2 of the Code states in part as follows:

> B. Any investor-owned incumbent electric utility may apply to the Commission for approval to participate in a renewable energy portfolio standard program, as defined in this section. The Commission shall approve such application if the applicant demonstrates that it has a reasonable expectation of achieving 12 percent of its base year electric energy sales from renewable energy sources during calendar year 2022, and 15 percent of its base year electric energy sales from renewable energy sources during calendar year 2025, as provided in subsection D.
> …
> F. A utility participating in such program shall apply towards meeting its RPS Goals any renewable energy from existing renewable energy sources owned by the participating utility or purchased as allowed by contract at no additional cost to customers to the extent feasible. A utility participating in such program shall not apply towards meeting its RPS Goals renewable energy certificates attributable to any renewable energy generated at a renewable energy generation source in operation as of July 1, 2007, that is operated by a person that is served within a utility's large industrial rate class and that is served at primary or transmission voltage. A participating utility shall be required to fulfill any remaining deficit needed to fulfill its RPS Goals from new renewable energy supplies at reasonable cost and in a prudent manner to be determined by the Commission at the time of approval of any application made pursuant to subsection B. ….

This statute requires the Commission to determine whether the Beech Ridge and Grand Ridge PPAs fulfill the RPS Goals "at reasonable cost and in a prudent manner."[14]

Specifically, § 56-585.2 F of the Code first requires APCo to "apply towards meeting its RPS Goals any renewable energy from existing renewable energy sources owned by the participating utility or purchased as allowed by contract at no additional cost to customers to the extent feasible." Second, if additional energy supplies are needed to meet the voluntary RPS Goals, § 56-585.2 F of the Code requires APCo "to fulfill any remaining deficit needed to fulfill its RPS Goals from new renewable energy supplies at reasonable cost and in a prudent manner to be determined by the Commission at the time of approval of any application made pursuant to subsection B." In this regard, we find that the Beech Ridge and Grand Ridge PPAs do not fulfill the remaining deficit at a reasonable cost and in a prudent manner.

Beech Ridge and Grand Ridge PPAs

In this proceeding, the Company has asked the Commission to "find the Grand Ridge and Beech Ridge PPAs to be reasonable and prudent as part of [APCo's] participation in the [RPS program]…."[15] Thus, APCo has the burden to prove that the Beech Ridge and Grand Ridge PPAs, under § 56-585.2 F of the Code, "fulfill any remaining deficit needed to fulfill its RPS Goals … at reasonable cost and in a prudent manner." We find that the Company has not met this burden.

The General Assembly has set forth a policy in § 56-585.2 of the Code of encouraging the development of renewable energy through voluntary RPS programs, and the Commission has previously approved APCo's voluntary RPS program (Case No. PUE-2008-00003). As we noted in APCo's most recent fuel case, however, the General Assembly has made it clear that while renewable forms of energy are to be encouraged, the ratepayers of Virginia must be protected from costs for renewable energy that are unreasonably high.[16] The General Assembly has also required that ratepayers be protected from renewable energy that is obtained in an imprudent manner. In other words, the General Assembly could – but has not – set forth a policy of encouraging renewable energy at *any* price or under *any* set of circumstances, no matter how burdensome the impact on consumers. This legislative policy is embodied in the "reasonable" and "prudent" mandates in § 56-585.2 F of the Code. As a result, although some renewable resources may satisfy the statutory standards, other or additional such resources may not when considering relevant cost, economic, and other factors.

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[11] APCo's March 15, 2010 Supplemental Response to Staff Report at 5.

[12] Motion to Supplement the Record at 3.

[13] These amendments, including the slight downward adjustment on prices prior to Beech Ridge obtaining an Incidental Take Permit from the U.S. Fish and Wildlife Service, do not change our analysis below.

[14] Va. Code § 56-585.2 F.

[15] Application at 4.

[16] *Application of Appalachian Power Company to Revise its Fuel Factor Pursuant to Va. Code § 56-249.6*, Case No. PUE-2009-00038, Order Establishing Fuel Factor at 9-10 (Aug. 3, 2009). The Commission further found that "the high cost for these two projects [does not meet] the standards in Va. Code § 56-249.6" and, accordingly, disallowed costs associated with the Beech Ridge and Grand Ridge PPAs – which reduced the requested fuel rate increase by approximately $14.4 million. *Id.* at 10-11.

In this regard, the Company does not assert that the Beech Ridge and Grand Ridge PPAs are needed in order to provide reliable service to its customers. The Company's testimony illustrates that its generation resource base plan, which does not include the Beech Ridge and Grand Ridge PPAs, produces a lower cost than a plan that includes these PPAs – *i.e.*, these PPAs would not be part of an optimal cost resource plan.[17] Rather, the Company (i) explains that it serves its customers "in concert with that of the other AEP-East Operating Companies under the auspices of the AEP Pool," and (ii) suggests that such service could take place with, or without, the Beech Ridge and Grand Ridge PPAs.[18] Accordingly, APCo acknowledges that these PPAs result in increased costs to ratepayers.[19]

Specifically, APCo estimates that the Beech Ridge and Grand Ridge PPAs will increase the generation-related revenue requirement – above what it otherwise would be – by more than *$200 million* over the life of the agreements.[20] That is, the Company's own projections conclude that these PPAs will increase revenue requirements by more than $200 million on a net present value basis, and we question whether some of the assumptions that produced this estimate may be unwarranted, leading to a more realistic higher estimate of revenue impact. We find that these PPAs are not needed in order for the Company to provide reliable service to its customers at just and reasonable rates. We further conclude that the increase in Virginia jurisdictional revenue requirement is not reasonable at this time and for purposes of this proceeding.

Moreover, the Company's $200 million estimate does not reflect the actual incremental nominal amounts paid by consumers since this estimate represents a discounted value. In effect, based on APCo's projection, the Company is asking ratepayers to borrow money for the PPAs today and to pay it back, with interest, over the life of the PPAs. APCo also reduces its projected cost impact on ratepayers by including a specific monetary estimate of avoided CO_2 costs beginning in 2015.[21] We do not give this assumption significant weight based on the record here. Furthermore, we reject APCo's assertion that the increased cost represented by the Beech Ridge and Grand Ridge PPAs is necessarily mitigated by the cost of RECs that the Company would otherwise purchase absent these PPAs.[22] In sum, we also find that APCo's estimate of the customer impact resulting from the Beech Ridge and Grand Ridge PPAs is understated.

More importantly, we are not evaluating the Beech Ridge and Grand Ridge PPAs under the same factual circumstances as presented in Case No. PUE-2008-00003.[23] APCo's rates have increased by more than $500 million – or more than 50% for residential customers – since the beginning of 2007,[24] and this amount does not include the Company's currently pending base rate proceeding.[25] We also note that several of APCo's rate increases since 2006 have included recovery of environmental-related costs that, as with the cost of renewables, are expended with the goal of achieving positive environmental benefits.[26] Rate impact on customers is a key statutory factor in the Commission's consideration of energy supply proposals, whether they be new generation projects, fuel costs, or RPS measures.[27] Section 56-585.2 of the Code does not create a limitless authority for a utility to increase customer costs, and we find under the instant circumstances that it is neither reasonable nor prudent for the Company to incur the increased cost associated with entering into the Beech Ridge and Grand Ridge PPAs.

Furthermore, as a result of the Commission's approval of the Company's prior two wind contracts, APCo is at a different stage in its progress towards meeting its voluntary RPS Goals – which extend to 2025 – than it was in Case No. PUE-2008-00003. The Company's evidence shows that these PPAs are not needed at this time to achieve those goals under the timeframe reflected in the statute.[28] Specifically, the voluntary goals in § 56-585.2 D of the Code extend to 2025 and include as follows: "RPS Goal IV: For calendar years 2023 and 2024, inclusive, an average of 12 percent of total electric energy sold in the base year, and in calendar year 2025, 15 percent of total electric energy sold in the base year." As explained by Staff, however, "[t]he addition of [Beech Ridge and Grand Ridge] to APCo's other wind power PPAs will allow the Company to meet all of its RPS Goals."[29] Similarly, Consumer Counsel

[17] *See, e.g.,* Application, Direct Testimony of Scott C. Weaver at Scheds. 1-2; Staff Report at 9-10.

[18] *See* Application, Direct Testimony of Scott C. Weaver at 7-9 and Scheds. 1-2.

[19] *Id.*

[20] *See, e.g., id.* at 8 and Sched. 1; Staff Report at 9-10. This estimate is for the AEP System East Zone. The Company also estimates the Virginia jurisdictional net cost increase for the first several years of the PPA. *See, e.g.,* Application, Direct Testimony of Scott C. Weaver at Sched. 2.

[21] *See, e.g.,* Application, Direct Testimony of Scott C. Weaver at Sched. 2.

[22] *See, e.g., id.* APCo also has not established that its estimated REC cost is reasonable, nor whether it reflects the purchase of lower cost Tier II RECs. *See, e.g.,* Staff Report at 9-10.

[23] We also reject APCo's suggestion that these PPAs are "very comparable" to the prior two wind contracts approved by the Commission in Case No. PUE-2008-00003. *See* Application, Direct Testimony of Scott C. Weaver at 8. Simply put, the Company has not shown that the costs of the Beech Ridge and Grand Ridge PPAs are of the same magnitude as the costs of the wind PPAs in the prior case.

[24] *See, e.g.,* Case Nos. PUE-2009-00039, PUE-2009-00031, PUE-2009-00038, PUE-2008-00045, PUE-2008-00046, PUE-2008-00067, PUE-2007-00069, PUE-2007-00067, and PUE-2006-00100.

[25] Case No. PUE-2009-00030.

[26] *See, e.g.,* Case Nos. PUE-2009-00039, PUE-2008-00045, PUE-2007-00069, and PUE-2005-00056.

[27] Our analysis of "reasonable" and "prudent" under § 56-585.2 F of the Code may also be informed by other ratemaking statutes designed to protect the public, including §§ 56-235 and 56-249.6 of the Code. Among other things, § 56-235 of the Code requires rates to be just and reasonable, and § 56-249.6 of the Code prohibits utilities from incurring unreasonable fuel costs. Moreover, the potential rate impact and the context thereof may also be part of the analysis.

[28] *See, e.g.,* Application, Direct Testimony of Scott C. Weaver at Sched. 3.

[29] Staff Report at 9.

states that "[i]f the Commission approves the proposed Beech Ridge and Grand Ridge contracts, the Company will have enough renewable generation to meet all Virginia RPS goals, which extend through 2025."[30] Indeed, the Company further acknowledges that, based on its projections, the addition of these PPAs will not only exceed the voluntary RPS Goals, but that, even by 2025, APCo will have more renewable energy credits than needed to meet such goals.[31] We find that entering into the Beech Ridge and Grand Ridge PPAs – under these circumstances and at this time – does not satisfy the statutory requirement to fulfill the remaining deficit in a prudent manner.[32]

Moreover, APCo's evaluation herein incorrectly assumes that it *must* fulfill the voluntary RPS Goals under the statute. Rather, as noted above, § 56-585.2 of the Code neither requires – nor permits – the Company to fulfill its remaining RPS deficit at any cost and in any manner. The determination of what is reasonable and prudent under the statute must be made on a case-by-case basis with the filing of each such request and will be dependent upon the specific circumstances attendant thereto. For example, even if a utility shows that the cost of its proposed renewable resource is low when compared to other high cost renewable resources, the statute does not require the Commission to find that such cost is reasonable or that it is prudent for a utility to take actions incurring such cost.[33] In this case, we find that it was not prudent for APCo to enter into the Beech Ridge and Grand Ridge PPAs and to incur the cost associated therewith for providing service to its customers.

Finally, we do not, by this Order, indicate that wind power cannot be part of a portfolio of energy sources to serve customers. Indeed, as already noted, the Commission has approved other wind contracts for APCo. Here, however, the new proposals would exacerbate an already difficult rate environment for customers without significant offsetting benefits and, furthermore, are not needed at this time to meet voluntary RPS goals under the statute. The General Assembly has enacted laws that make it clear that rate impacts are, and must remain, a key determinant in evaluating proposed projects, whether of renewable or non-renewable resources.

Accordingly, IT IS HEREBY ORDERED THAT:

(1) The Company's March 15, 2010 Motion to Supplement the Record is granted.

(2) The Company's Application is denied.

[30] Consumer Counsel's November 20, 2009 Comments at 4 (footnote omitted).

[31] *See, e.g.,* Application, Direct Testimony of Scott C. Weaver at Sched. 3.

[32] In addition, any estimated cost advantage of these PPAs, when compared against projected costs of renewable resources well into the future, are unreasonably speculative and, nonetheless, do not warrant the increased expenditures requested herein at this time.

[33] The Company also has not established that lower cost alternatives do not reasonably exist for its asserted purposes herein. For example, as explained by Staff: (1) "[t]he Company did not explore the purchase of low cost Tier II RECs as an option for meeting the RPS Goals;" and (2) "the Company did not perform any analyses of constructing, owning, and operating 201 MW of wind and/or biomass generation facilities." Staff Report at 14. Staff states that there are two tiers of RECs (Tier I and Tier II), and that Tier II RECs typically cost less than Tier I RECs. *Id.* at 10-12.

CASE NO. PUE-2009-00104
DECEMBER 6, 2010

APPLICATION OF
KENTUCKY UTILITIES COMPANY d/b/a OLD DOMINION POWER COMPANY

For authority to engage in an affiliate transaction under Chapter 4 of Title 56 of the Code of Virginia

ORDER AMENDING AUTHORITY GRANTED

By Order dated December 21, 2009, the State Corporation Commission ("Commission") granted Kentucky Utilities Company d/b/a/ Old Dominion Power Company ("KU/ODP" or "Applicant") authority to engage in an affiliate transaction under Chapter 4 of Title 56 of the Code of Virginia ("Code") and to continue its participation in a system money pool ("Money Pool") with affiliates initially established in Case No. PUE-2007-00082 for short-term borrowing and investment of excess funds. The authority was granted through December 31, 2011.

On November 12, 2010, KU/ODP filed a request to amend the authority granted in the December 21, 2009 Order. In its request, KU/ODP states that on June 15, 2010, PPL Corporation ("PPL"), E.ON AG, E.ON US Investments Corp., E.ON U.S., LLC ("E.ON U.S."), and KU/ODP filed a joint petition for approval of transfer of ownership and control of KU/ODP by E.ON US Investments to PPL in Case No. PUE-2010-00060. On October 19, 2010, the Commission entered its Final Order approving the requested change of ownership and control. Ordering Paragraph (16) of the Final Order in Case No. PUE-2010-00060 requires KU/ODP to "file an application for Commission approval of a new affiliate agreement within sixty (60) days of such name change taking effect."[1]

According to the Applicant, the legal name of two of the Money Pool participants has been changed. E.ON U.S. was changed to LG&E and KU Energy LLC on November 1, 2010, and E.ON U.S. Services Inc. was changed to LG&E and KU Services Company on September 30, 2010. The Applicant further states that the changes were in name only and that none of the Money Pool participants desire to change the current approved agreement except for the substitution of corporate names of E.ON U.S. LLC with LG&E and KU Energy LLC and the substitution of E.ON U.S. Services Inc., with LG&E and

[1] *Joint Petition of PPL Corporation, E. ON AG, E. ON US Investments Corp., E. ON U.S. LLC, and Kentucky Utilities Company d/b/a Old Dominion Power Company, For approval of transfer of ownership and control*, Case No. PUE-2010-00060, Final Order (Oct. 19, 2010).

KU Services Company. According to KU/ODP, all other terms and conditions, operation, and reporting requirements of the Money Pool would be unchanged.

NOW THE COMMISSION, upon consideration of the application is of the opinion and finds that approval of the application will not be detrimental to the public interest and it therefore should be approved.

Accordingly, IT IS ORDERED THAT:

(1) KU/ODP is hereby authorized to amend its Money Pool by substitution of corporate name of LG&E and KU Energy LLC for E.ON U.S. LLC and the substitution of LG&E and KU Services Company for E.ON U.S. Services Inc., under the terms and conditions and for the purposes set forth in the application.

(2) All other terms and conditions of our December 21, 2009 Order shall remain in full force and effect.

(3) Approval of the application shall have no implications for ratemaking purposes.

(4) The authority granted herein shall not preclude the Commission from applying the provisions of § 56-78 and § 56-80 of the Code of Virginia hereafter.

(5) The Commission reserves the right to examine the books and records of any affiliate, whether or not such affiliate is regulated by this Commission, in connection with the authority granted herein, pursuant to § 56-79 of the Code of Virginia.

(6) This matter shall be continued subject to the continuing review, audit, and appropriate directive of the Commission.

CASE NO. PUE-2009-00105
APRIL 13, 2010

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*. ("Net Energy Metering Rules"), adopted by the State Corporation Commission ("Commission") pursuant to § 56-594 of the Virginia Electric Utility Regulation Act ("Regulation Act"), and 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.

On November 16, 2009, the Commission entered an Order Establishing Proceeding to amend the Net Energy Metering Rules ("Order") to reflect statutory changes enacted by Chapter 804 of the 2009 Acts of Assembly ("Chapter 804"), which amended § 56-594 of the Code to: (1) authorize utilities to elect a capacity limit for participation by nonresidential customers in the net energy metering program that exceeds the existing limit of 500 kW; (2) permit customers who are served on time-of-use tariffs that have electricity supply demand charges contained within the electricity supply portion of the time-of-use tariff to participate as customer-generators; and (3) provide that a participating customer-generator owns any renewable energy certificate ("REC" or "certificate") associated with its generation of electricity, and provides for a one-time option to sell the certificates to its supplier at a rate established by the Commission, with the utility's costs of acquiring the certificates recoverable under the Renewable Energy Portfolio Standard rate adjustment clause or through the supplier's fuel adjustment clause.

The Commission appended to its Order proposed amendments revising the Net Energy Metering Rules ("Proposed Rules"), which were prepared by the Commission Staff to reflect the permitted increase in the nonresidential capacity, to permit certain time-of-use customers to participate as customer-generators, and to establish a mechanism for eligible customer-generators to sell RECs to their electric distribution company at rates established by the Commission.

Notice of the proceeding was published in the Virginia Register of Regulations on December 7, 2009 and in newspapers of general circulation throughout the Commonwealth.[1] Interested persons were directed to file any comments and requests for hearing on the Proposed Rules on or before December 21, 2009.

The Virginia, Maryland & Delaware Association of Electric Cooperatives[2], Virginia Electric and Power Company ("Virginia Power"), and the Interstate Renewable Energy Council ("IREC") filed timely comments. The Commission also received public comments from several individuals including some who participate in net metering. No requests for hearing on the Proposed Rules were filed.

[1] *See* Memoranda from Laura S. Martin and Affidavits of Publication, filed in this docket on December 10, 2009.

[2] The Association submitted its comments along with and on behalf of its Virginia members: 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, Prince George Electric Cooperative, Rappahannock Electric Cooperative, Shenandoah Valley Electric Cooperative, and Southside Electric Cooperative (collectively, the "Cooperatives").

NOW THE COMMISSION, upon consideration of the record and applicable statutes, is of the opinion and finds that the regulations attached hereto as Appendix A 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 Regulation Act.

The Proposed Rules define "Demand charge-based time-of-use tariff" as "a retail tariff for electric supply service that has two or more time-of-use tiers for energy-based charges and an electricity supply demand (kilowatt) charge" and define "Energy service provider" as the entity providing electricity supply to a net metering customer. Virginia Power proposes that each definition be changed to refer to electricity supply service, rather than electricity supply. We agree, and the Proposed Rules will be amended accordingly. Virginia Power also requests that the term "generation demand charge" be added to the definition of Demand charge-based time-of-use tariff. We disagree that such a change is necessary.

As required by Chapter 804, the Proposed Rules revised the definition of Renewable fuel generator to provide that an electric distribution company may change the otherwise-applicable alternating current capacity limit for certain customers by tariff. Virginia Power requests that the Proposed Rules be changed to clarify that the electric distribution company may only elect a higher capacity limit for nonresidential customers. Although we believe that the language in the Proposed Rules is consistent with the statutory language, the clarification requested by Virginia Power is reasonable, and we will amend the Proposed Rules accordingly.

The Cooperatives argue that the Commission has not provided adequate guidance regarding the mechanism to be used in setting higher capacity limits for nonresidential customers, and express concern that setting a fixed higher capacity limit (rather than, for example, a variable limit based on the size of the nonresidential customer's load) could lead to abuse of the net metering program through installation of generation in excess of that required to offset the customer's load. The Commission does not believe that such a change in the Proposed Rules, which the Cooperatives concede are consistent with the statute, is necessary at this time. The Commission will review such matters as they arise on a case-by-case basis.

The Proposed Rules define "Renewable Energy Certificate (REC)" as "the renewable energy attributes associated with the production of one megawatt-hour (MWh) of electrical energy generated by a renewable fuel generator." The Cooperatives suggest that this definition does not provide a sufficient description for purposes of recognizing and establishing its value, and argue that a REC only has value if it is a tradable, marketable commodity. We find, however, that the scope of the proposed definition is reasonable for purposes of these rules. IREC proposes that RECs be defined in terms of kWh produced, rather than MWh, given that most customers will produce only a fraction of a MWh each year. The extent of the Commission's regulations, however, are set by the statute, which does not provide for fractional RECs. Furthermore, the change proposed by IREC would not eliminate the need to account for fractional RECs, as there would still remain fractions of such kWh-based RECs.

IREC requests that the Commission eliminate the Conditions of Interconnection set forth in 20 VAC 5-315-40, and instead incorporate the distributed generation interconnection standards established in Case No. PUE-2008-00004. We note that the distributed generation and net metering interconnection rules are based on different statutory standards and have evolved largely independently. Thus, the Commission believes the existing regulatory regime remains appropriate. We will not adopt IREC's recommendations.

The Proposed Rules provide that a net metering customer owns any RECs associated with its renewable fuel generator and may sell those RECs to any willing buyer at any time. The Proposed Rules further provide that the net metering customer has a one-time option at the time of signing a power purchase agreement with its supplier to require the purchase, by the supplier, of all generated RECs over the duration of the power purchase agreement. The Cooperatives have requested clarification regarding whether a REC represents the total energy produced or the net power produced. We will revise the Proposed Rules to clarify that a REC represents the total output of the customer's renewable fuel generator.

Virginia Power proposes that the Rules be clarified to provide that the supplier is obligated to purchase only "generated RECs associated with excess generation purchased by the company in accordance with a power purchase agreement." Chapter 804, however, is quite explicit on this point, providing that "the customer-generator shall have a one-time option to sell the renewable energy certificates associated with such electrical generating facility to its supplier and be compensated at an amount that is established by the Commission to reflect the value of such renewable energy certificates." The statute and the Proposed Rules provide that the supplier may be required to purchase all RECs associated with the customer's generating facility, so we decline to make the change requested by Virginia Power.

The Proposed Rules require that the rate of the payment by the supplier for the customer's RECs shall be the daily unweighted average of the "CR" component of Virginia Power's Rider G tariff in effect over the period for which the rate of payment for the excess generation is determined. Virginia Power states that it is concerned that future changes to its tariff may require changes to the rules, and suggests that the Proposed Rules be revised to provide more generally that the applicable rate "shall be the daily unweighted average of the applicable REC commodity price component of that supplier's retail renewable energy tariff as approved by the Commission, if the utility has such a tariff." The Proposed Rules, which apply the CR component of the Virginia Power rate in effect at the time of delivery, recognize that the CR rate will change from time to time. The Commission believes that this approach is reasonable, and will not adopt the change to the rules proposed by Virginia Power.

The Cooperatives believe the Proposed Rules go beyond the statutory mandate by providing that a customer may sell its RECs to a willing buyer at any time. The Commission disagrees. The statute provides that the customer owns the RECs associated with its generating facility. As such, the customer is free to sell such RECs to any third party upon mutually agreeable terms. While only the supplier is required to buy such RECs, any third party remains free to do so voluntarily. The Cooperatives also complain that while the statute speaks of the customer's one-time option to sell the RECs to its supplier, the Proposed Rules require the supplier to purchase the RECs. The Proposed Rules are fully consistent with the statute, which provides the customer a right to sell the RECs to the supplier at a Commission-defined price. If the customer has a right to sell, it is clear that the supplier has a corresponding obligation to purchase. The Commission will not revise the Proposed Rules as requested by the Cooperatives.

The Cooperatives complain that the Proposed Rules' requirement that suppliers develop and implement billing and accounting systems to deal with multiple time-of-use tiers may prove costly and discouraging. The Cooperatives further state that the Proposed Rules are ambiguous regarding how credits and charges over time-of-use tiers are to be accounted for. The Commission agrees that time-of-use rates for net metering customers is likely to be complicated, and may require special billing procedures by the supplier for such customers. However, Chapter 804 mandates that the Commission's regulations permit customers that are served on time-of-use tariffs that have electricity supply demand charges contained within the electricity supply portion of the time-of-use tariffs to participate as eligible customer-generators. The Proposed Rules are consistent with this statutory mandate.

Finally, the individual customer-generators who provided comments suggest that the Proposed Rules are complicated and suggest several changes to make the rules easier to understand. The Commission is sympathetic with these concerns, and agrees that the rules, as well as the statute upon which the rules are based, are complex. However, given that the Proposed Rules are consistent with Chapter 804, the Commission will not make further revisions at this time.

Accordingly, IT IS ORDERED THAT:

(1) The Regulations Governing Net Energy Metering are hereby adopted as shown in Appendix A to this Order, effective as of April 28, 2010.

(2) A copy of this Order with Appendix A including the Regulations Governing Net Energy Metering shall be forwarded to the Registrar of Regulations for publication in the Virginia Register of Regulations.

(3) On or before June 2, 2010, all electric utilities in the Commonwealth subject to Chapter 10 (§ 56-232 *et seq*.) of Title 56 of Code of Virginia shall file with the Commission's Division of Energy Regulation any revised tariff provisions necessary to implement the regulations as adopted herein.

(4) There being nothing further to come before the Commission, this case shall be removed from the docket and the papers filed herein be placed in the file for ended causes.

NOTE: A copy of Attachment A entitled "Regulations Governing Net Metering" 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-2009-00106
DECEMBER 3, 2010

APPLICATION OF
DELMARVA POWER AND LIGHT COMPANY

For approval of electrical facilities pursuant to Va. Code § 56-46.1 and for certification of such facilities under the Utility Facilities Act

FINAL ORDER

On September 24, 2009, Delmarva Power and Light Company ("Delmarva" or "Company"), a wholly owned subsidiary of Pepco Holdings, Inc., filed with the State Corporation Commission ("Commission") an application for a certificate of public convenience and necessity to construct and operate a 138 kilovolt ("kV") transmission line in Accomack County, Virginia ("Application"). Prepared testimony, exhibits, copies of correspondence, and other materials were attached to the Application.

The Company proposes to install a 138 kV transmission line, in addition to the existing line, and to operate the two lines as a double-circuit 69/138 kV line ("Proposed Line") in order to prevent several projected contingency overloads. Additionally, the Company proposes to replace the existing poles with larger, weathering steel poles that can support both circuits and to place them in the approximate locations of the existing poles. The average height of the new poles above ground level would be approximately 75 feet, varying with the topography of the right-of-way ("ROW"). The Application states a desired in-service date of June 1, 2010. The Company estimates the cost of the project to be $3,500,000.

On November 24, 2009, the Commission issued an Order for Notice and Hearing that docketed the Application as Case No. PUE-2009-00106; established a procedural schedule; scheduled a public hearing for March 23, 2010; and assigned a Hearing Examiner to conduct all further proceedings in this matter on behalf of the Commission and to file a final report.

Delmarva was required to provide public notice by December 15, 2009, and proof of notice by January 8, 2010. Respondents were instructed to file direct testimony and exhibits by February 2, 2010.[1] The Commission Staff ("Staff") was instructed to review the Application and file a Staff Report summarizing its investigation by February 23, 2010. The Company was allowed to respond to Staff's Report and testimony from any respondents by March 9, 2010. The public was invited to provide written comments by March 16, 2010.

Section 56-46.1 of the Code of Virginia ("Code") requires the Commission to receive and to consider reports from state environmental agencies on the proposed facilities. Accordingly, on January 6, 2010, the Department of Environmental Quality ("DEQ") filed its Coordinated Environmental Review. The DEQ, acting on behalf of the State Water Control Board, filed a letter dated July 29, 2008, advising that the DEQ had reviewed the transmission line project.[2] The DEQ indicated that because the proposed project's impact on State Waters, including wetlands, appeared to be minimal and/or temporary in nature, a Virginia Water Protection permit would not be necessary for the Proposed Line provided that the project, as presented, qualified for a general or regional permit from the U.S. Army Corps of Engineers on which DEQ had provided unconditional Clean Water Act § 401 Certification.[3]

On January 19, 2010, Randolph B. Bloxom, John M. Bloxom, IV, and John T. Layton, Jr., Successor Co-Trustees of John M. Bloxom, III, Revocable Trust Dated February 2, 1983, and Christopher M. Carbaugh (collectively, "Respondents") filed a Notice of Participation.

[1] By Ruling of the Chief Hearing Examiner, the deadline for submission of any respondents' testimony and exhibits was extended to February 9, 2010.

[2] Letter from Mark G. Kalnins, Department of Environmental Quality, of July 29, 2008, to Robert J. Jubic, Jr., Delmarva Power and Light Company, included as Attachment 3 in the Application.

[3] *Id.*

On February 9, 2010, Respondents filed their testimony, which proposed an alternative route for the Proposed Line. On February 23, 2010, the Staff filed its Report indicating that the Company had reasonably demonstrated the need for the Proposed Line and that the Company had minimized any adverse environmental impacts of the Proposed Line. The Company filed its rebuttal testimony on March 9, 2010.

An evidentiary hearing was held on March 23, 2010, before Chief Hearing Examiner Deborah V. Ellenberg ("Chief Hearing Examiner"). Appearing as counsel for the Company were Richard D. Gary, Esquire, and Noelle J. Coates, Esquire. Frederick D. Ochsenhirt, Esquire, and Mary Beth Adams, Esquire, appeared as Staff counsel. Andrew P. Sherrod, Esquire, appeared as counsel for Respondents. The prefiled testimony of the Staff, the DEQ, the Respondents, and the Company was offered for admission, and the Chief Hearing Examiner admitted the documents into the record.

On April 7, 2010, Delmarva filed a Motion to Supplement the Record ("Motion to Supplement the Record") wherein it provided the estimated cost to ratepayers in the Delmarva Transmission Zone if the Commission ordered the Company to relocate the Proposed Line without any charge to the Respondents, and it advised that there were at least two property owners that might be visually impacted if the Respondents' route was approved.

On April 15, 2010, the Respondents filed their Opposition to the Motion to Supplement the Record wherein they asserted that the "evidence" with which Delmarva proposed to supplement the record had not been subject to discovery, cross-examination, and rebuttal. The Respondents also contended that the matters addressed in the Motion to Supplement the Record could have been, and to a large extent were, raised at the hearing. On April 28, 2010, Delmarva filed a letter with the Commission indicating that the Company did not believe any reply to Respondents' response was necessary.

On June 18, 2010, the Chief Hearing Examiner issued her report ("Chief Hearing Examiner's Report") setting forth the procedural history of the case, summarizing the record, analyzing the evidence and issues in this proceeding, and making the following findings:

1. Delmarva's Motion to Supplement the Record should be, and hereby is, denied.[4]

2. The public convenience and necessity require construction of the project;

3. The Company has demonstrated a need for the proposed facilities;

4. The project will enhance the reliability of the Company's service;

5. The project utilizes existing rights-of-way with a slight relocation of the line on Justice Farm subject to [Atlantic Town Center Development Corporation] payment of the difference between the route proposed by the Company and the relocation on Justice Farm urged by Respondents as detailed in Exhibit 18 subject to the modifications discussed above;[5]

6. The DEQ recommendations are necessary to minimize any adverse environmental impact of the proposed project;

7. The Company's proposal will reasonably minimize any adverse impact of the scenic assets, historic districts, and environment of the area in which the project will be located; and

8. The proposed project will have a positive impact on economic development in the area it will serve.[6]

The Chief Hearing Examiner recommended the Commission enter an order adopting her findings, granting Delmarva's application and a certificate to construct and operate the Proposed Line, and dismissing the case from the Commission's docket.

On July 9, 2010, the participants filed comments on the Chief Hearing Examiner's Report.

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[4] The Chief Hearing Examiner explained that:

> [t]he evidence with which Delmarva seeks to supplement the record post-hearing was, to some extent, already addressed, and is not necessary for the Commission to decide this application. Cost information is detailed in Exhibit 18, attached hereto, and maps and testimony on adjacent properties is also included in this record. Moreover, Delmarva has not shown good cause why its late-offered evidence could not have been offered at the hearing where Respondents would have had an opportunity to cross-examine and rebut it.

Chief Hearing Examiner's Report at 2.

[5] With respect to the rerouting of the Proposed Line, the Chief Hearing Examiner concluded that:

> [r]espondents' requested relocation of the Proposed Line is in the best interests of the public based on economic development opportunities and public safety concerns. Although the Company proposed to use existing ROW, Respondents have agreed to provide an easement for the re-alignment at no cost to the Company and acknowledge they should pay for the incremental cost of the re-alignment over the proposed route. The Company should relocate the line on Justice Farm, contingent on Respondents or [Atlantic Town Center Development Corporation] paying the incremental increased actual cost of the relocation.

Id. at 26.

[6] *Id*. at 29.

On July 21, 2010, the Company filed a Motion to Strike ("Motion to Strike"), requesting that the Commission strike the portion of the Respondents' comments relating to the contribution in aid of construction tax. On August 3, 2010, the Respondents filed their Response to Motion to Strike ("Response to Motion to Strike"), and on August 6, 2010, the Company filed its Reply to Response to Motion to Strike. On October 6, 2010, the Commission issued an Order Remanding for Further Action ("Order Remanding for Further Action") for the purpose of convening a settlement conference to reach an agreement, subject to Commission approval, on certain issues related to the proposed relocation of the transmission line. The Order Remanding for Further Action addressed and made findings on the need for the transmission line; the impact on scenic assets, historic districts, and the environment that the Proposed Line will have; the effect that the Proposed Line will have on economic development and service reliability; and the reasonableness of including the Proposed Line in the House Bill 1319 Pilot Project.

The Chief Hearing Examiner convened a settlement conference on October 25, 2010. Although the alternate route and related costs were discussed, the parties instead agreed to recommend that the Commission approve the Proposed Line and that it be located on the existing ROW subject to several express provisions.

The Company and the Respondents signed a stipulation ("Stipulation") representing their agreement, attached hereto as Attachment A. In the Stipulation, the parties agreed that the Proposed Line should be approved on the route originally proposed in the Application but that reasonable and appropriate uses of the ROW relating to the construction or operation of the development should be allowed, subject to restrictions set forth in the Stipulation.

On November 8, 2010, the Chief Hearing Examiner submitted her Report on Remand, which summarized the agreement of the parties and attached the Stipulation signed by the Company and the Respondents. Additionally, in the Report on Remand, the Chief Hearing Examiner recommended that the Commission enter an order: (1) adopting the Stipulation of the Company and the Respondents; (2) granting the application to construct and operate a double-circuit 69 kV/138 kV transmission line to originate at the Oak Hall Substation and terminate at the Wattsville Substation, both in Accomack County; (3) granting pursuant to §§ 56-46.1, 56-265.2 and related provisions of Title 56 of the Code of Virginia, a certificate of public convenience and necessity to Delmarva authorizing construction and operation of the Proposed Line along the existing ROW with the express provision that, subject to Safety Standards,[7] reasonable and appropriate ROW uses shall be allowed as described in the parties' Stipulation; and (4) dismissing this case from the Commission's docket of active cases.

NOW THE COMMISSION, having considered the Chief Hearing Examiner's Report and Report on Remand, the record, pleadings, and applicable law, is of the opinion and finds that the public convenience and necessity require construction of the Proposed Line as provided for and subject to the requirements set forth in this Final Order.[8]

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 "[i]t 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."

The Code requires the Commission to consider existing ROW easements when siting transmission lines. Specifically, § 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."

Existing Rights-of-Way

The Stipulation provides that the Proposed Line will cross the Justice Farm in the same location as does the existing line. Because the path of the Proposed Line will be in the same location as the existing line, we conclude that the project uses the existing ROW to the maximum extent practicable.

Route

The Stipulation recommends that the Commission approve the Proposed Line in the same location as the existing line. We accept this recommendation. Additionally, we adopt the Stipulation dated November 5, 2010, between Delmarva and the Respondents and incorporate its terms herein.

Finally, in addition to the conditions set forth above, we will also condition approval of the project and the certificate of public convenience and necessity upon the completion of the project within a specified period. Although the Company estimates that the project will take four months of actual construction time to complete, it states that construction must coincide with periods of low demand to prevent interruption in service. Accordingly, we find that, as a condition of the certificate, the line must be in service within twenty-four (24) months of the date of this Final Order. The Company may petition the Commission for an extension of this condition for good cause shown.

In conclusion, the Commission finds that the public convenience and necessity require Delmarva Power and Light Company to construct the Proposed Line in Accomack County.

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[7] These Safety Standards refer to "the then-current safety standards established by the National Electrical Safety Code, the Occupational Safety and Health Administration, PJM Interconnection and the North American Electric Reliability Corporation." Chief Hearing Examiner's Report on Remand at 2.

[8] As noted previously, our Order Remanding for Further Action addressed and made findings on numerous issues. The only outstanding issues to be discussed and decided in this Final Order are the use of existing ROW and the routing of the Proposed Line.

Accordingly, IT IS ORDERED THAT:

(1) The Company is authorized to construct and operate the proposed approximately four-mile, double-circuit 69/138 kV Oak Hall-Wattsville transmission line on the route proposed in the Company's Application.

(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 the Proposed Line is granted, as provided for herein, and subject to the requirements set forth in this Final Order.

(3) Pursuant to the Utility Facilities Act, Chapter 10.1 (§§ 56-265.1 *et seq.*) of Title 56 of the Code, the Company is issued the following certificate of public convenience and necessity:

> Certificate No. ET-9 g, which authorizes Delmarva Power and Light Company under the Utility Facilities Act to operate presently certificated transmission lines and facilities in Accomack County, all as shown on the detailed map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2009-00106; [and which] cancels Certificate No. ET-9 f, issued to Delmarva Power and Light Company on October 19, 2007, in Case No. PUE-2007-00063.

(4) Within thirty (30) days from the date of this Final Order, the Company shall file with the Commission's Division of Energy Regulation three copies of an appropriate map that shows the routing of the transmission line approved herein.

(5) The transmission line approved herein must be constructed and operational within twenty-four (24) months from the date of entry of this Final Order provided, however, the Company is granted leave to apply for an extension for good cause shown.

(6) The Stipulation, attached hereto as Attachment A, is adopted and its terms are incorporated herein.

(7) As there is nothing further to come before the Commission, this matter is dismissed and the papers herein placed in the file for ended causes.

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

CASE NO. PUE-2009-00113
APRIL 1, 2010

APPLICATION OF
ANDERSON PROPANE SERVICE, INC.

For authority to provide non-utility gas service pursuant to the Utility Facilities Act, Va. Code §§ 56-265.1 to 56-265.9

ORDER GRANTING AUTHORITY

On October 14, 2009, Anderson Propane Service, Inc. ("Anderson Propane" or "Company"), filed an application ("Application") with the State Corporation Commission ("Commission") for authority to operate as a non-utility gas service provider in accordance with the Utility Facilities Act, Chapter 10.1 (§ 56-265.1 *et seq*.) of Title 56 of the Code of Virginia ("Code") and, specifically, § 56-265.4:6 of the Code. Anderson Propane also seeks authority to construct, develop, operate, deliver, and maintain facilities for providing non-utility jurisdictional gas service ("Propane System") to a multi-phased, mixed-use residential and commercial shopping facility known as "The Village at Spotsylvania Courthouse" located in Spotsylvania County, Virginia ("Spotsylvania Project" or "Project").

The Company requests that the Commission approve its Application to provide propane gas service to the initial phase of the Spotsylvania Project and permit the Company to begin operation of the Propane System in accordance with the construction schedule of the developer for the Spotsylvania Project, Spotsylvania Courthouse Village, L.L.C. ("Developer").[1] In its Application, Anderson Propane asserts that Columbia Gas of Virginia, Inc. ("Columbia"), is the natural gas utility that holds the certificate to provide natural gas service in the defined geographic area proposed to be served and that Columbia is not currently offering service to that geographic area. The Company further asserts that it is apparently not economically feasible to extend natural gas utility service to the Spotsylvania Project to meet the Developer's construction schedule; that the provision of non-utility gas service to the Spotsylvania Project is in the public interest; and that the Developer's manager initially approached the Company and requested that it provide propane service to the Spotsylvania Project.[2]

In its Application, the Company advises that the Spotsylvania Project is a mixed-use commercial and residential development of historic significance, presently under construction on approximately 90.4654 acres located in the Courtland Magisterial District of Spotsylvania County, Virginia. The Company asserts that the location is approximately three miles from the closest facilities operated by Columbia.[3] According to the Application, the Company's proposed Propane System for the Spotsylvania Project consists of a single 30,000 gallon underground gas storage tank, 2,013 feet of 6-inch gas

[1] The Developer's manager is W.J. Vakos & Co. Application at 5.

[2] *Id.*

[3] Columbia is the certificated natural gas provider for the area in which Anderson Propane seeks to provide service and build facilities. Columbia operates under Certificate No. G-47c, which was issued pursuant to the Final Order in Case No. PUE-2004-00045.

line, 720 feet of 3-inch gas line, and 310 feet of 8-inch conduit.[4] The Application states that there are projected to be approximately one hundred gas meters in the fully completed Spotsylvania Project, serving commercial, local government, and residential customers. The Company states that it is uncertain when the Spotsylvania Project will be complete since build-out is directly related to the economy.[5]

The Company advises that the facilities to deliver jurisdictional non-utility gas service to the currently developed portion of the Spotsylvania Project are already complete and were constructed and fully paid for by Anderson Propane prior to September 30, 2009. In its Application, the Company requests authority for the current build-out phase of the Spotsylvania Project as well as authority to continue to expand, develop, construct, and operate its Propane System as the Spotsylvania Project grows.[6]

On November 3, 2009, the Commission issued an Order for Notice and Comment ("Notice Order") that docketed the matter as Case No. PUE-2009-00113 and established a procedural schedule to review the Company's Application. Among other things, the Notice Order provided interested persons with the opportunity to file comments and request a hearing on the Company's Application; directed the Staff of the Commission ("Staff") to analyze the Application and file a Report summarizing its investigation by January 14, 2010; and allowed Anderson Propane to respond to Staff's Report and any public comments by January 28, 2010.

Columbia, Roanoke Gas Company, and Washington Gas Light Company filed Notices of Participation in this proceeding but did not request a hearing. The Virginia Propane Gas Association ("VPGA") and the Virginia Oil & Gas Association, Inc. ("VOGA"), each filed comments.[7] In addition, Columbia filed comments on December 14, 2009, in lieu of testimony.

Among other things, Columbia asserts in its comments that: (1) Anderson Propane failed to show that Columbia is unable to extend natural gas utility service to the requested area within a reasonable period of time as required by § 56-265.4:6 B of the Code; (2) Anderson Propane's request for authority to provide non-utility gas service to an undefined number of customers is contrary to § 56-265.4:6 B of the Code; (3) Anderson Propane's provision of non-utility gas service in the requested geographic area and to the specified number of customers is contrary to the public interest and is thus contrary to the requirements of § 56-265.4:6 B of the Code; (4) the Developer's ownership of existing and proposed gas pipeline facilities for the purpose of providing non-utility gas service requires approval pursuant to the Utility Facilities Act; (5) the proposed commercial model under which the Developer owns gas pipeline facilities subject to the Utility Facilities Act and leases such facilities to a non-utility gas provider is not permitted under the statutory framework of the Utility Facilities Act; and (6) the Developer's lease of the propane facilities that have been constructed, and those to be constructed, requires Commission approval pursuant to the Utility Transfers Act.

Columbia also asserts that, because it has never been provided the information necessary to analyze the economic feasibility of extending natural gas service to the Project, Anderson Propane cannot establish Columbia's inability to provide service to the Project within a reasonable period of time and its Application should be denied. As an alternative to denying Anderson Propane's Application in its entirety, Columbia suggests that, "[a]t a minimum, the Commission should not authorize Anderson Propane to provide non-utility gas service to any buildings in the [Project] that have not yet commenced construction."[8]

On January 14, 2010, the Staff filed its Report in this matter wherein Staff represents that it has reviewed the agreements between Anderson Propane and the Developer with respect to the Spotsylvania Project and analyzed Anderson Propane's Application pursuant to the statutory considerations of § 56-265.4:6 of the Code. Staff explains that Anderson Propane has agreed to install, repair and maintain the tanks and vaporizers associated with providing service to customers within the Spotsylvania Project and that Anderson Propane will retain ownership of this equipment. The Developer will retain ownership of all other installed equipment, which includes the lines and delivery equipment located in both the leased spaces and common areas of the Project. Staff also notes that, apart from Building Numbers 120, 230 and 240, which have already been substantially constructed, the Developer has no current building construction schedule. In its analysis of public interest considerations, the Staff notes that it was not aware of any issues in the Company's operating history that might warrant some form of performance bond or guarantee related to the Spotsylvania Project.

The Staff ultimately concludes that

> since (1) Columbia claims that it has not been provided the information necessary to analyze the economic feasibility of extending natural gas service to the Project; and (2) Anderson Propane cannot provide factual information relative to the remaining construction and Phases of the Project, Staff cannot conclude that Columbia is unable to provide service to the Project within a reasonable amount of time.[9]

However, Staff suggests in the conclusion of its Report that the Commission "may wish to consider" restricting its approval to the buildings of the Project that are already constructed, consistent with Columbia's alternative recommendation referred to above.[10]

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[4] Application at 6.

[5] *Id.*

[6] *Id.* at 8.

[7] VPGA supports Anderson Propane's Application. *See* VPGA's Comments dated November 12, 2009. VOGA cautions against approval of the Application, noting that this case presents a "matter of first impression" for the Commission's consideration and that it "wishes to ensure that substantive and procedural requirements" are adopted by the Commission "to adequately protect the interests of the certified local distribution company." *See* VOGA's Comments dated December 14, 2009, at 2. VOGA also asserts that "[t]he Commission should not, in this case or any case, approve an application that is not specific as to the geographic territory proposed to be served by the applicant, the number and classification of customers and the already existing plans for future expansion, if any." *Id.* at 3.

[8] Columbia's December 14, 2009 Comments, at 21.

[9] Staff Report at 19.

[10] *Id.* at 26.

On January 28, 2010, Anderson Propane filed its response to the Staff Report and to the comments that were filed in this proceeding. Among other things, Anderson Propane asserts that: (1) it was not required to provide Columbia with estimates of the anticipated gas load in the Project prior to filing its Application; (2) it has established that Columbia is unable to extend natural gas service to the Project within a "reasonable period of time" as required by § 56-265.4:6 B of the Code given the length of time that Columbia has had its certificate (that is, for over forty (40) years) and yet continues not to serve the relevant area; (3) Columbia has already been given sufficient time to ascertain the feasibility of serving the Project; (4) the cost associated with Columbia providing gas service to the Project is overly high as compared to the cost of Anderson Propane providing the service; and (5) the Developer's ownership interest in the facilities used to provide gas services does not make it a "public utility" or require it to obtain authority to provide gas service as a non-utility gas service provider. In sum, Anderson Propane asserts that it has met all of the statutory requirements to provide non-utility gas service to the Project, as set forth in § 56-265.4:6 of the Code.

In addition, Columbia filed a Motion to Supplement the Record ("Motion to Supplement") on February 8, 2010, seeking leave to file Section 8 of its General Terms and Conditions relating to "Installation Subject to Justification." On February 16, 2010, Anderson Propane responded to the Motion to Supplement, asserting that it should be denied because the Commission has the ability to take judicial notice of Columbia's tariffs on file with the Commission, including the portion Columbia seeks to introduce in this proceeding.[11] On February 19, 2010, Columbia filed its reply in support of the Motion to Supplement.

Finally, no party to this case requested an evidentiary hearing.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds as follows.

Anderson Propane filed its Application pursuant to § 56-265.4:6 B of Code, which provides in pertinent part:

> A person, individually or together with its affiliated interests, other than the natural gas utility that holds the certificate to provide natural gas service in a particular territory or one of its affiliated interests, shall apply to the Commission for and obtain approval prior to providing non-utility gas service to: . . . .
>
> 3. More than 20 residential or five commercial customers located more than one mile but within three miles or less from any existing underground natural gas line operated by a utility under the jurisdiction of the Commission; ….
>
> Approval of any application to provide non-utility gas service pursuant to this section shall be granted by the Commission only after opportunity for a hearing and after due notice to the natural gas utility that holds the certificate to provide service in the defined geographic area proposed to be served. The Commission shall approve an application to provide non-utility gas service upon finding that: (i) the natural gas utility that holds the certificate to provide natural gas service in the defined geographic area proposed to be served is not currently offering service to the area desired for non-utility gas service and is unable to extend natural gas utility service to the requested area within a reasonable period of time; and (ii) the provision of non-utility gas service in the defined geographic area proposed to be served, and to the estimated number of customers defined in the application, is in the public interest.
>
> Any order approving an application to provide non-utility gas service pursuant to this section shall define the geographic area to be covered and the maximum number of customers to whom the non-utility gas service provider can provide service before having to apply to the Commission for a revised order. The order approving an application to provide non-utility gas service shall also provide for compliance with all pipeline safety standards; however, nothing in the order shall authorize the Commission to exercise jurisdiction over the rates, charges, or services being offered in conjunction with non-utility gas service by a non-utility gas service provider. Further, except as provided in this section, approval of an application to provide non-utility gas service shall not infringe upon or diminish the rights of the natural gas utility that holds the certificate to provide natural gas service in the specified area.

Furthermore, § 56-265.4:6 A of the Code defines "[n]on-utility gas service" as the "sale and distribution of propane, propane air mixtures, or other natural or manufactured gas to two or more persons by way of underground or aboveground distribution lines by a person other than a natural gas utility or an affiliated interest of a natural gas utility, a master meter operator, or any person operating in compliance with § 56-1.2."[12]

Based on the specific pleadings presented in this case, we grant the Company approval to provide non-utility gas service to more than 20 residential customers or more than 5 commercial customers located in Building Nos. 120, 230, and 240.[13] Beyond these two buildings, Anderson

[11] Staff does not oppose Columbia's Motion. *See* Response of the Staff of the State Corporation Commission to the Motion of Columbia Gas of Virginia, Inc. to Supplement the Record filed February 17, 2010.

[12] Master meter system, defined in 49 CFR § 191.3, which has been adopted in § 56-257.2 of the Code for purposes of enforcing pipeline safety regulations, means a pipeline system for distributing gas within, but not limited to, a definable area, such as a mobile home park, housing project or apartment complex, where the operator purchases metered gas from an outside source for resale through a gas distribution pipeline system.

[13] We do not herein address whether the Developer must obtain approval under the Utility Facilities Act. The Developer is neither an applicant nor a defendant in this case. Rather, the Application was filed by the Company, and we have ruled thereon. The rights and obligations of the Developer, if questioned, must be determined in one or more separate, appropriate proceedings.

Propane is unable to identify the approximate number of customers who will eventually need to be served in the Project or to estimate when they will need to be served. Nor can Anderson Propane define the approximate geographic area of the Project that will eventually be completed and served.[14]

In addition, as referenced in § 56-265.4:6 of the Code, the Company is required to seek a revised order when it desires approval for an additional geographic area and customers. At that time, the Company will need to establish, among other things, that it has provided appropriate notice to Columbia in those circumstances and that Columbia is unable to extend service to such geographic area within a reasonable period of time.

Finally, we address Columbia's Motion to Supplement. We agree with Anderson Propane's assertion that the Commission can take judicial notice of Columbia's tariffs on file with Commission, including the portion Columbia seeks to introduce in this proceeding. Therefore, we find no need to supplement the record in this proceeding, and we will deny Columbia's Motion to Supplement as unnecessary.

Accordingly, IT IS ORDERED THAT:

(1) The Company's Application to provide non-utility gas service is approved for the provision of non-utility gas service to more than 20 residential customers or more than 5 commercial customers located in Building Nos. 120, 230, and 240.

(2) To the extent that the Company requests authority to provide non-utility gas service to customers other than those in Building Nos. 120, 230, and 240, the Company's request is denied.

(3) The Company shall comply with all pipeline safety standards pursuant to § 56-257.2 B of the Code and the Commission's Order Adopting Standard Regulations and Procedures Pertaining to Gas Pipeline Safety in Virginia, Case No. PUE-1989-00052, 1990 S.C.C. Ann. Rept. 312, Final Order (July 6, 1989).

(4) Columbia's Motion to Supplement is denied.

(5) This case is dismissed.

[14] Staff indicates that Building Nos. 120, 230 and 240 are either complete or near completion. Staff Report at 8-9. Building No. 230 currently will not have gas service; Building No. 240 is anticipated to have five to seven meters for gas service; and Building No. 120 is expected to have two gas meters serving two divisions of the Spotsylvania County government. Staff Report, Attachments MGG-1 and MGG-3. Furthermore, it is undisputed that the Spotsylvania Project is located more than one mile but within three miles or less from any underground gas line operated by Columbia.

CASE NO. PUE-2009-00116
APRIL 21, 2010

APPLICATION ON
SOUTHWESTERN VIRGINIA GAS COMPANY

For an Annual Informational Filing for the Test Period Ending June 30, 2009

ORDER ACCEPTING STAFF RECOMMENDATIONS AND DISMISSING PROCEEDING

On October 21, 2009, Southwestern Virginia Gas Company ("Southwestern" or the "Company") filed its Annual Informational Filing ("AIF") for the twelve months ending June 30, 2009, with the State Corporation Commission ("Commission"), together with a Request for Waiver ("Request") of certain information required by the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings ("Rate Case Rules"). In its Request, Southwestern, by counsel, sought a waiver pursuant to Rate Case Rule 20 VAC 5-201-10 E for reporting information for Southwestern Virginia Energy Industries Ltd. (the "Parent") and consolidated information of the Parent and the Company as required in Rate Case Rule Schedules 1, 2, 6, and 7, as well as a waiver of the Rate Case Rules applicable to AIFs that require the Company to prepare and submit a jurisdictional cost of service study as part of Schedule 40 of these Rules.

On November 20, 2009, the Commission granted Southwestern's Request, but advised that the waivers granted therein were limited to the unique circumstances identified for this AIF, and that the November 20, 2009 Order Granting Waiver should not be cited in support of other waiver requests by the Company or other public utilities subject to the Commission's jurisdiction.

On March 23, 2010, the Commission's Staff filed its Report in the captioned matter. That Report consisted of financial and accounting analyses. In Exhibit 3 of the financial analysis portion of its Report, the Staff noted that the Company's capital structure consisted of 29.073% of Long-Term Debt, 0.828% of Preferred Stock, 69.816% of Common Equity, and 0.283% of Investment Tax Credits. Staff noted that Southwestern's authorized range of return on equity of 9.30% - 10.30% was established in Case No. PUE-2006-00103, and that the Company's weighted average cost of capital range was between 7.491% and 8.191%. Staff reported that Southwestern's ratemaking capital structure remained relatively unchanged during the AIF test period.

In its accounting analysis, Staff explained that because the Company's AIF reported that Southwestern had no regulatory assets, Staff did not conduct an earnings test analysis. Staff excluded one adjustment to accumulated depreciation proposed by Southwestern, made two corrections to Southwestern's per books rate base, and updated the interest rate Southwestern used to calculate interest on customer deposits. With regard to the Company's accumulated depreciation, Southwestern made an adjustment of $11,339, which had the effect of adjusting accumulated depreciation for the effect of a *pro forma* adjustment to depreciation expense. Staff cautioned that it was inappropriate to adjust accumulated depreciation for the *pro forma* effect of depreciation expense while all other rate base items were based on end of period balances and did not make that adjustment.

With regard to Southwestern's rate base, Staff determined that the Company's utility plant in service was understated by $1,349 because of a construction work in progress misclassification. Staff corrected the Company's adjustment for Materials and Supplies to reflect a thirteen month average balance rather than a twelve month balance used by the Company.

With regard to interest on customer deposits, the Company calculated the interest on customer deposits using the 2009 Commission approved interest rate of 1.5%. Staff calculated its adjustment for interest on customer deposits using the 2010 Commission approved interest rate of 0.4%.

Staff concluded that, after all adjustments, Southwestern's return on common equity was 9.90%, which was within the Company's authorized range of return on common equity of 9.30% to 10.3%. Staff recommended that no action be taken on the Company's rates at this time.

On March 31, 2010, Southwestern filed a letter with the Clerk of the Commission advising that it did not wish to comment on the Staff Report and had no objection thereto.

NOW THE COMMISSION, upon consideration of the Company's AIF, the Staff's March 23, 2010 Report, the Company's March 31, 2010 letter, and the applicable statutes, is of the opinion and finds that the accounting adjustments, capital structure, and recommendations set out in the Staff Report should be adopted as supported by the record; that no further action should be taken on the Company's rates at this time; and that this case should be dismissed from the Commission's docket of active proceedings.

Accordingly, IT IS ORDERED THAT:

(1) In accordance with the findings made herein, the accounting adjustments, capital structure, and recommendations set forth in the Staff's March 23, 2010 Report are hereby accepted.

(2) No action shall be taken on the Company's rates at this time.

(3) There being nothing further to be done herein, this case shall be dismissed from the Commission's docket of active proceedings, and the papers filed herein shall be placed in the Commission's file for ended causes.

CASE NO. PUE-2009-00118
APRIL 26, 2010

APPLICATION OF
ROANOKE GAS COMPANY

For an Annual Informational Filing for the Year Ended June 30, 2009

ORDER ADOPTING STAFF'S RECOMMENDATIONS AND DISMISSING PROCEEDING

On October 27, 2009, Roanoke Gas Company ("Roanoke" or the "Company") filed its Annual Informational Filing ("AIF") with the State Corporation Commission ("Commission"). The AIF contained the Company's financial and operating information for the twelve months ended June 30, 2009.

On March 18, 2010, the Staff filed its Report on Roanoke's AIF. That Report included both financial and accounting analyses. In its discussion of the Company's capital structure, Staff noted that Roanoke's capital structure as of June 30, 2009, remained relatively unchanged in comparison with the ratemaking capital structure as of June 30, 2008. Staff reported that within that time period, Roanoke's short-term debt balances fluctuated as the Company utilized short-term indebtedness to discharge not only its general obligations, but also to fund construction activities more appropriately funded with long-term debt. Staff related that on October 31, 2008, Roanoke issued a new seven-year, variable-interest $5,000,000 note to replace a $5,000,000 note that matured in July 2008. The new note was issued through the Branch Banking and Trust Company ("BB&T") with an interest rate based on the 30-day London InterBank Offered Rate plus 125 basis points. On November 3, 2008, Roanoke executed an interest rate swap transaction with BB&T, fixing the rate on the new note at 5.79% for the full seven-year term of the note.

The Company's capital structure as of June 30, 2009, shown in Exhibit 3 to the Staff Report, included 6.876% of Short-Term Debt, 34.762% of Long-Term Debt, 58.270% of Common Equity, and 0.092% in Investment Tax Credits. The Staff advised that the authorized range for ratemaking purposes for Roanoke's return on equity of 9.60%-10.60%, with a midpoint of 10.10%, was established in the Company's last general rate case, Case No. PUE-2002-00373.[1]

In its accounting analysis, Staff reported that it made a number of revisions to the Company's accounting adjustments. Staff updated all rate base items to reflect balances as of November 30, 2009, except for Deferred Gas, Materials and Supplies, and Supplier Refunds, which reflect the average monthly balance for the thirteen months ended November 30, 2009. The Company did not update all rate base items in its original filing. Staff also updated revenue to account for any changes that occurred through November 30, 2009.

Staff and the Company differed on their calculation of their adjustments for customer growth based on normal weather, payroll and payroll taxes, medical insurance, pension and other post-employment benefits ("OPEBs"), liability insurance, intercompany allocations, audit fees, property taxes, customer deposits, and rate base updates. Staff's accounting adjustments for customer growth employed the net customer additions as of the five months ending November 30, 2009, and a three-year weather normalized average customer usage, while the Company's adjustment calculated actual net customer

[1] *See Application of Roanoke Gas Company, For a general increase in rates*, Case No. PUE-2002-00373, 2003 S.C.C. Ann. Rept. 392, Final Order (Jan. 7, 2003).

additions from July 1, 2008, through December 31, 2008. In addition, Staff used actual customer growth data in its adjustment whereas Roanoke used estimated volumes.

Staff's adjustment for payroll differs from the Company's adjustment because the Company experienced a retirement in November 2009 of an employee who was not replaced and because another employee transferred from Roanoke to RGC Resources in September 2009. Staff's payroll adjustment includes all pay and merit increases for full and part-time employees as of December 31, 2009. Staff's operating and maintenance ("O&M") expense percentage of 74.27 is slightly lower than the Company's O&M expense percentage because of the use of the updated payroll distribution for the twelve months ended November 30, 2009. Due to the differences between the Company's and Staff's adjustments to payroll expense, Staff's adjustment to payroll taxes is $3,457 less than that proposed by Roanoke.

Staff based its adjustment for medical insurance on actual group rates and staffing levels as of January 1, 2010, while the Company based its adjustment on projections. The Company used projected figures when calculating its pension and OPEB expense. Staff's adjustments for Roanoke's pension and OPEBs used the most recent actuary report and annualized actual *pro forma* 401-K contributions.

The Company estimated a flat 4.2% increase across the board to calculate its *pro forma* insurance expense, while Staff incorporated the effect of new premiums, effective October 1, 2009, in its adjustments.

Staff calculated its general and administrative expenses and fringe benefit expense adjustments based on actual charges from RGC Resources to Roanoke using the most recent six months to annualize operating data ending December 31, 2009. The Company's adjustment for these expenses relied upon projections intended to represent future expenses as affected by internal budgets or inflationary increases.

Staff's adjustment for audit fees differed from Roanoke's because the Company inadvertently used an incorrect test year expense amount that had the effect of understating the Company's going-level expense. In addition, Roanoke's adjustment for audit fees was based on estimates, whereas the Staff adjustment used actual fees reflecting completed audit services that had been accepted by Roanoke.

Staff's property taxes adjustment was based on updated plant as of November 30, 2009, whereas Roanoke calculated its adjustment by applying an effective tax rate on property as of December 31, 2007.

The Company's adjustment to interest on customer deposits was based on the Commission-approved interest rate of 1.5% for calendar year 2009. Staff used the Commission's approved calendar year 2010 interest rate of 0.4% for interest on customer deposits.

Staff's accounting analysis indicated that Roanoke earned a fully adjusted test year return on common equity of 10.71%, which is above the Company's Commission-authorized return on equity range of 9.60% to 10.60%. While Staff did not propose that any action be taken with regard to Roanoke's base rates at this time, it did recommend that Roanoke's fully adjusted annual operating income be carefully monitored prospectively so that a determination could be made whether further action concerning the Company's base rates should be taken.

The Staff Report noted that the Company had two regulatory assets on its books, both of which relate to the change in measurement dates associated with Roanoke's pension and OPEBs as a result of Statement of Financial Accounting Standards 158. After making limited regulatory adjustments, Staff's earnings test indicates a return on equity of 9.082%, a return below the mid-point (10%) of the authorized return on equity range established by the Commission's Final Order in Case No. PUE-2007-00086 for future earnings test.[2] Staff therefore concluded that no acceleration of the amortization of Roanoke's regulatory assets was necessary.

On March 31, 2010, Roanoke filed a letter with the Clerk of the Commission advising that the Company did not plan to file any response to the Staff Report or take any further action on the Report.

NOW THE COMMISSION, upon consideration of Roanoke's AIF, the Staff's March 18, 2010 Report, Roanoke's March 31, 2010 letter, and the applicable statutes, is of the opinion and finds that Staff's accounting adjustments, capital structure, and other recommendations are supported by the record and should be adopted; that no acceleration of the amortization of Roanoke's regulatory assets is necessary in this AIF; and that this case should be dismissed.

Accordingly, IT IS ORDERED THAT:

(1) In accordance with the findings made herein, Staff's accounting adjustments, capital structure, and recommendations set out in its March 18, 2010 Staff Report are hereby adopted.

(2) While no action will be taken with regard to Roanoke's base rates at this time, the Company's fully adjusted cost of service results shall be carefully monitored prospectively to determine whether further action should be taken with respect to the Company's rates.

(3) In accordance with the findings and discussion set out above, no acceleration of the amortization of Roanoke's regulatory assets is necessary for purposes of this AIF for the test period ending June 30, 2009.

(4) There being nothing further to be done herein, the case shall be dismissed from the Commission's docket of active proceedings, and the papers filed herein shall be passed to the Commission's file for ended causes.

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[2] *See Application of Roanoke Gas Company, For an expedited increase in rates*, Case No. PUE-2007-00086, 2008 S.C.C. Ann. Rept. 422, 423, Final Order (May 22, 2008).

CASE NO. PUE-2009-00119
JANUARY 28, 2010

APPLICATION OF
TFS ENERGY SOLUTIONS, LLC

For a license to conduct business as an electric and natural gas aggregator

ORDER GRANTING LICENSE

On October 27, 2009, TFS Energy Solutions, LLC ("TFS Energy" or "Company") filed an application with the State Corporation Commission ("Commission") for a license to provide electric and natural gas aggregation service pursuant to the Commission's Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5-312-10 *et seq*. ("Retail Access Rules").[1] The Company seeks authority to serve commercial and industrial customers throughout the Commonwealth of Virginia. The Company attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B.

On December 2, 2009, the Commission issued an Order for Notice and Comment ("Order") in this proceeding in which it, among other things: (1) required that notice of the application be served upon appropriate persons; (2) permitted interested persons to file comments on the Company's application; and (3) required the Commission Staff to analyze the reasonableness of TFS Energy's application and present its findings in a Staff Report. On December 16, 2009, the Company filed the proof of notice required by the Commission's Order. No comments were received on TFS Energy's application.

The Staff filed its Report on December 30, 2009, concerning TFS Energy's fitness to conduct business as an electric and natural gas aggregator. In its Report, the Staff summarized TFS Energy's proposal and evaluated its financial condition and technical fitness. Based on its review of the application, Staff recommended that TFS Energy be granted a license to conduct business as an electric and natural gas aggregator for commercial and industrial customers throughout the Commonwealth of Virginia.

NOW UPON CONSIDERATION of the application and the Staff Report, the Commission finds that TFS Energy's application for a license to provide electric and natural gas aggregation service should be granted, subject to the conditions set forth below.

Accordingly, IT IS ORDERED THAT:

(1) TFS Energy is hereby granted license No. A-30 to provide competitive electric and natural gas aggregation service to commercial and industrial customers throughout the Commonwealth of Virginia. This license to act as an aggregator is granted subject to the provisions of the Retail Access Rules, this Order, and other applicable statutes.

(2) This license is not valid authority for the provision of any product or service not identified within the license itself.

(3) This case shall remain open for consideration of any subsequent amendments or modifications to this license.

[1] With the filing of additional information on November 9, 2009, and on November 25, 2009, TFS Energy completed its application.

CASE NO. PUE-2009-00129
OCTOBER 29, 2010

APPLICATION OF
RESTON LAKE ANNE AIR CONDITIONING CORPORATION

For an increase in rates

ORDER

On December 2, 2009, Reston Lake Anne Air Conditioning Corporation ("RELAC" or "Company") filed with the State Corporation Commission ("Commission") its application, testimony, and exhibits for a general increase in rates for its air conditioning service.

RELAC requested an increase in annual revenues of $185,650, asserting that the revenue increase would permit the Company to earn an 8.32% return on rate base. In its application, the Company stated that its "total revenue requirement of $516,185, which includes the $185,650 proposed increase, is designed to recover, in the aggregate, (i) revenues not in excess of the aggregate actual costs incurred by the Company in serving Virginia customers and annualized adjustments for future costs plus (ii) a fair return on rate base."[1] Additionally, RELAC requested that it be permitted to put its rates into effect on an interim basis, subject to refund, for service rendered on or after January 1, 2010, or alternatively for service rendered on or after May 1, 2010, if the Commission determined that the proposed rates should be suspended for 150 days pursuant to § 56-238 of the Code of Virginia ("Code").

On December 17, 2009, the Commission issued its Order for Notice and Hearing in which it, among other things, suspended RELAC's proposed rates and charges for 150 days; scheduled a public hearing in this matter for April 20, 2010; and assigned this matter to a hearing examiner.

On February 23, 2010, the Fairfax County Board of Supervisors ("Fairfax County") filed its Notice of Participation in this proceeding. On March 5, 2010, Fairfax County filed a Motion for Modification of the Commission's Procedural Order in which it requested that the April 20, 2010 public

[1] Application at 2.

hearing in this proceeding be relocated from Richmond to Fairfax, Virginia. By Hearing Examiner's Ruling dated March 19, 2010, the public hearing scheduled for April 20, 2010, was retained in Richmond, Virginia, and an additional public hearing to receive the public witness testimony was scheduled for May 3, 2010, in Fairfax County. During the pendency of the proceeding, eight written public comments on the Company's application were filed with the Clerk of the Commission.

As directed by the Order for Notice and Hearing, Commission Staff ("Staff") filed its Staff Report with the Commission on March 18, 2010. On April 15, 2010, RELAC and the Staff filed a Joint Motion to Accept Stipulation and included with their Joint Motion a Stipulation reached between the Company and the Staff on April 13, 2010. Among other things, the Company and the Staff agreed to specific terms regarding the Company's additional annual revenue requirement, rate design, authorized return on equity,[2] and other terms related to the Company's rates and accounting adjustments recommended by the Staff in its Report filed on March 18, 2010. Fairfax County did not join in the Stipulation. Paragraph 14 of the Stipulation provides in pertinent part that the Stipulation "is not intended to address any service quality issue(s) or to suggest or limit any possible remedy(ies) to those issues that have been or may be raised by the Company's customers or the County of Fairfax, Virginia in this proceeding."[3]

On April 20, 2010, the evidentiary hearing was convened in Richmond, Virginia, as scheduled. Anthony Gambardella, Esquire, and John K. Byrum, Jr., Esquire, appeared on behalf of RELAC. Marilyn S. McHugh, Esquire, appeared on behalf of Fairfax County. Kerry R. Wortzel, Esquire, and Mary Beth Adams, Esquire, appeared on behalf of Staff. Proofs of notice and service were received into the record pursuant to Ordering Paragraphs (6), (7) and (8) of the Commission's Order for Notice and Hearing. Two public witnesses offered testimony during the hearing in Richmond.

On April 29, 2010, RELAC filed a Motion for Interim Rates in which the Company requested authorization to put into effect, subject to refund, the rates provided for in the Stipulation for services rendered on and after May 1, 2010. Neither Fairfax County nor Staff opposed the Motion, and the Hearing Examiner granted the request on April 30, 2010.

On May 3, 2010, a public hearing to receive additional public witness testimony was convened in Fairfax County. John K. Byrum, Jr., Esquire, appeared on behalf of RELAC. Marilyn S. McHugh, Esquire, appeared on behalf of Fairfax County. Kerry R. Wortzel, Esquire, appeared on behalf of Staff. Eleven public witnesses offered testimony, which was primarily related to quality of service issues.

On August 4, 2010, Senior Hearing Examiner Alexander F. Skirpan, Jr., issued the Senior Hearing Examiner's Report ("Report"), which included the following findings based upon the Stipulation and the other evidence contained in the record:

1. The use of a test year ending December 31, 2008, is proper in this proceeding;

2. RELAC's test year operating revenues, after all adjustments, were $326,048;

3. RELAC's test year operating revenue deductions, after all adjustments, were $406,616;

4. RELAC's test year net operating income (loss) and adjusted net operating income (loss), after all adjustments were $(80,568) and $(80,628), respectively;

5. RELAC's current rates produce a return on adjusted rate base of -31.88% and a return on equity of -76.99%;

6. RELAC's current cost of equity is within a range of 9.90% - 10.90%, and RELAC's rates should be established based on a return on equity of 10.70%;

7. RELAC's overall cost of capital, using the 10.70% return on equity and the capital structure reflected in the Stipulation, is 7.733%;

8. RELAC's adjusted test year rate base is $252,921;

9. Based on the Stipulation, RELAC requires $162,485 in additional gross annual revenues to earn a reasonable return on rate base;

10. The rates provided in Attachments C and D to the Stipulation are designed to produce the required additional gross annual revenues and are just and reasonable;

11. In accordance with the Stipulation, RELAC's cost of equity of 10.70% shall be used for determining overearnings until the Commission establishes otherwise;

12. In accordance with the Stipulation, RELAC will book a deferred asset for rate case expense not to exceed $30,000 and amortize the deferred asset over three years beginning May 1, 2010;

13. In accordance with the Stipulation, RELAC will remove state accumulated deferred income taxes from its books and capitalize property taxes related to CWIP, as a component of the cost of construction projects;

[2] The Company and Staff agreed to an authorized return on equity range of 9.9%-10.9% and a 10.7% return on equity for purposes of designing rates. The Company also agreed to limit its rate case expense to $30,000 amortized over three years, and the Company is at risk for any rate case expense incurred above this amount.

[3] Stipulation at 3.

14. RELAC should be required to refund, with interest, all revenues collected under its interim rates in excess of the amount found just and reasonable herein;

15. In accordance with the Stipulation, RELAC will report to Staff: (i) when the Company's temporary pump has been placed in service to withdraw water from the lake at a lower depth and when the temporary pump is taken out of service from withdrawing water from the lake at a lower depth, and (ii) both main breaks and service leaks within twenty-four hours;

16. In accordance with the Stipulation, RELAC should continue to provide written information to assist customers in properly maintaining their own equipment;

17. RELAC should be directed to train its personnel to record accurately and consistently, information already required by its plant record forms, especially as to supply and return temperatures and pressures, and outside temperatures;

18. RELAC should be directed to record supply temperatures and pressures, and outside temperatures when the Company makes inspections or answers service complaint calls at customer premises;

19. RELAC should be directed to document quality of service complaint calls, including whether the cooling issues customers reported resulted from problems in the system or inadequate maintenance/operation of internal units or other factors in the home;

20. RELAC should be directed to establish a web page on the Aqua America website to provide customers with preventive maintenance information and with contact information; and

21. RELAC should be directed to continue its discussions with neighborhood cluster presidents, with Staff and Fairfax County given an opportunity to participate in such discussions.[4]

The Senior Hearing Examiner recommended that the Commission enter an order adopting the findings in the Report, granting RELAC an increase in gross annual revenues of $162,485, directing prompt refund of amounts collected under interim rates in excess of the rate increase found just and reasonable in the Report, and dismissing the case. He further invited comments to his Report to be filed within twenty-one (21) days of the date of the Report.

On August 25, 2010, Fairfax County and RELAC filed comments to the Senior Hearing Examiner's Report. In its comments, Fairfax County requested that the Commission modify the Senior Hearing Examiner's findings in Paragraphs 17, 18, 19, and 21.

In its Comments to the Senior Hearing Examiner's Report, RELAC urged the Commission to adopt and finalize the stipulated rates, as recommended by the Senior Hearing Examiner.[5] The Company did not object to the customer service measures recommended by the Senior Hearing Examiner but pointed out that the feasibility of complying with certain recommendations depends largely on the equipment the customer possesses.[6] The Company also stated that it had not yet determined the technical feasibility or annual cost of creating or maintaining the recommended web page, but it anticipates that such page could be developed within the Aqua America website "in a manner that will not substantially affect stipulated costs or the adequacy of the stipulated rates."[7]

NOW THE COMMISSION, having considered the record in this matter, is of the opinion and finds that the findings and recommendations in the Senior Hearing Examiner's Report should be adopted, with the modifications noted herein; that the Stipulation should be adopted; and that the rates provided for in the Stipulation should be approved.

In Paragraphs 17 – 21 of his Report, the Senior Hearing Examiner addressed some of the service quality issues that Fairfax County and public witnesses articulated at the hearings in Richmond and Fairfax County. In its Comments to the Senior Hearing Examiner's Report, the Company did not oppose the Senior Hearing Examiner's recommendations but pointed out some concerns about potential costs related to initiating such procedures. Fairfax County, in its Comments to the Senior Hearing Examiner's Report, recommended strengthening the requirements recommended by the Senior Hearing Examiner to include additional and more thorough reporting requirements to the Commission.

With regard to the recommended modifications proposed by Fairfax County to Paragraphs 17, 18, and 19 of the Senior Hearing Examiner's Report, we believe that such additional training and reporting requirements should be performed by the Company. Therefore, we adopt the modifications to Paragraphs 17, 18, and 19 of the Senior Hearing Examiner's Report, but rather than requiring the Company to report to the Commission on a quarterly basis, we will require that the Company make the records available in one report to the Staff by December 1 of each year.

Additionally, mindful of the requirement of § 56-247.1 C of the Code that every public utility must establish, and the Commission must approve, customer complaint procedures that ensure prompt and effective processing of customer inquiries, service requests and complaints, we find that RELAC should review its customer complaint procedure. RELAC should update and refile this procedure in light of the concerns raised in this proceeding, and the Staff should review this procedure and should report to the Commission on the adequacy thereof.

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[4] Hearing Examiner's Report at 29-30.

[5] RELAC Comments at 7-8.

[6] RELAC Comments at 15.

[7] *Id.* at 15-16.

With regard to Fairfax County's recommended modification to Paragraph 21, we will not adopt the recommendation concerning specific discussion topics because Fairfax County, or anyone else participating in the discussions, is free to bring up any topics of concern to that participant, and there is no need to limit or specify what topics should be discussed.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the August 4, 2010 Report of the Senior Hearing Examiner, with the modifications noted above, are hereby 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) RELAC shall record on a daily basis, accurately and consistently, information already required by its plant record forms, especially as to supply and return temperatures and pressures, and outside temperatures, and train its personnel to do so. This information should be made available to Commission Staff on an annual basis by December 1 of each year.

(4) RELAC shall record supply temperatures and pressures, and outside temperatures on each occasion when the Company makes inspections/repairs to its lines or answers service complaint calls at customer premises, and train its personnel to do so. This information should be made available to the Commission Staff on an annual basis by December 1 of each year.

(5) RELAC shall document all customer complaint calls, including the nature of each complaint, a brief description of its resolution and the length of time to resolve, and whether, if applicable, the cooling issues customers reported resulted from problems in the system or inadequate maintenance/operation of internal units or other factors in the home. These requirements should be included as part of the customer complaint procedures that the Company must refile, and the documentation should be made available to the Commission Staff by December 1 of each year.

(6) RELAC shall, within thirty (30) days from the date of this Order, file revised tariffs and terms and conditions of service and its revised customer complaint procedure with the Commission's Division of Energy Regulation, in accordance with this Order.

(7) The Commission's Division of Energy Regulation shall review and report to the Commission on the adequacy of RELAC's customer complaint procedure within sixty (60) days from the date of this Order.

(8) The Company shall use the rates as adopted herein to recalculate all bills rendered, which were calculated using, in whole or in part, the rates and charges which took effect on May 1, 2010. Where application of the rates prescribed by this Order results in a reduced bill, the difference in all bills shall be refunded with interest within ninety (90) days of the date of this Order, as directed in the ordering paragraphs below.

(9) The refunds with interest directed in Ordering Paragraph (8) for current customers may be made by a credit to the customers' accounts and shown on bills. The bills shall show the refund as a separate item or items. For former customers, refunds with interest that exceed $1.00 shall be made by check mailed to the last known address of such customers. No setoff shall be permitted against any disputed portion of an outstanding balance.

(10) The Company shall maintain a record of former customers due a refund of $1.00 or less and shall promptly make the refund by check upon request. For any funds not paid or claimed, the Company shall comply with § 55-210.6:2 of the Code of Virginia.

(11) The refund amounts calculated as directed in Ordering Paragraph (8) shall bear interest at a rate for each calendar quarter, which shall be the arithmetic mean, to the nearest one-hundredth of one percent of the "Bank prime loan" values published in 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 payments were due as shown on bills to the date of the bill showing the credit to current customers or the date of the refund check mailed to former customers.

(12) Within 120 days of the date of this Order, the Company shall submit to the Divisions of Public Utility Accounting and Energy Regulation a report showing that all refunds have been made pursuant to this Order and listing the expenses of refunding and the accounts charged. The Company shall not recover the interest paid or the expenses incurred in making such refunds from water and sewer rates and charges subject to the Commission's jurisdiction.

(13) This matter is continued for further order of the Commission.

CASE NO. PUE-2009-00130
OCTOBER 19, 2010

APPLICATION OF
KENTUCKY UTILITIES COMPANY d/b/a OLD DOMINION POWER COMPANY

For authority to issue securities under Chapter 3 of Title 56 of the Code of Virginia and to engage in an affiliate transaction under Chapter 4 of Title 56 of the Code of Virginia

ORDER AMENDING AUTHORITY GRANTED

By Order dated December 28, 2009, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP" or "Company"), was authorized by the State Corporation Commission ("Commission") to issue up to $225 million in unsecured long-term debt securities to an affiliate, Fidelia

Corporation.[1] The order also permitted KU/ODP to enter into hedging transactions related to the debt securities. The Commission's authorization period is set to expire on December 31, 2010.

In an application filed by KU/ODP on June 15, 2010, in Case No. PUE-2010-00061, KU/ODP made the following request:

> V. RECENTLY AUTHORIZED $225,000,000 NEW DEBT
>
> 16. The Commission recently authorized KU/ODP to obtain long-term debt from Fidelia in an amount not to exceed $225,000,000.[7] Because it has a continuing need to use the debt authority the Commission has already approved, KU/ODP may issue some or all of this debt under its existing authority. KU/ODP therefore further requests authority (a) to issue up to $225,000,000 in new unsecured debt to Fidelia, later replacing it with up to $225,000,000 of secured debt, or (b) to issue up to $225,000,000 of new secured debt in lieu of the $225,000,000 of already authorized, but unissued, Fidelia debt, provided that the total of debt outstanding under (a) and (b) together shall not exceed $225,000,000.[2]

By letter filed on October 12, 2010, in Case No. PUE-2010-00061, KU/ODP requests that the time period to issue the $225 million of debt securities authorized in Case No. PUE-2009-00130 be extended to December 31, 2011.

On this day, the Commission issued an order in Case No. PUE-2010-00061 granting KU/ODP's request to restructure and refinance unsecured debt, to assume obligations, and for amendment of existing authority.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that an order should be entered amending the authority granted and extending the period of authority in this case.

Accordingly, IT IS ORDERED THAT:

(1) KU/ODP is authorized to issue up to $225 million in long-term debt, either (a) with Fidelia, later refinancing any Fidelia debt with new secured debt from the capital markets, or (b) issuing secured debt directly in the capital markets, provided that the total debt outstanding under (a) and (b) together shall not exceed $225 million, consistent with our order in Case No. PUE-2010-00061.

(2) The authority granted, pursuant to our December 28, 2009 Order and amended by Ordering Paragraph (1) herein, is effective from the date of this order through December 31, 2011.

(3) On or before March 31, 2012, KU/ODP shall submit to the Division of Economics and Finance a final report of action containing the information required in Ordering Paragraph (4) of our December 28, 2009 Order.

(4) All other directives detailed in our December 28, 2009 Order shall remain in full force and effect.

(5) This matter shall be continued subject to the continuing review, audit and appropriate directive of the Commission.

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[1] *Application of Kentucky Utilities Co. d/b/a Old Dominion Power Co., For authority to issue securities under Chapter 3 of Title 56 of the Code of Virginia and to engage in an affiliate transaction under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2009-00130, 2009 S.C.C. Ann. Rept. 557, Order Granting Authority (Dec. 28, 2009) ("December 28, 2009 Order").

[2] Application at 10 (footnote omitted).

CASE NO. PUE-2009-00131
AUGUST 13, 2010

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

Ex Parte: In the Matter of Investigating the Outsourcing of Washington Gas Light Company's Call Center Functions to Accenture LLP

FINAL ORDER

The State Corporation Commission ("Commission"), pursuant to Article IX of the Constitution of Virginia and Title 56 of the Code of Virginia ("Code"), is charged with the duty of supervising and regulating public service companies doing business in the Commonwealth of Virginia relating to the performance of their public duties. In Case No. PUE-1989-00052, the Commission adopted Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations to serve as minimum gas pipeline safety standards ("Safety Standards") in Virginia. The Commission is authorized to enforce the Safety Standards for natural gas facilities pursuant to § 56-257.2 B of the Code, which allows the Commission to impose the fines and penalties authorized therein.

On December 10, 2009, the Commission entered an Order Establishing General Investigation in this proceeding. Prior to initiation of this investigation, the Division of Utility and Railroad Safety ("Division" or "Staff") advised the Commission that on October 29, 2009, Washington Gas Light Company ("WGL" or "Company") provided the Division with a written summary of information describing a proposed relocation of its outsourced emergency call handling center operations from San Antonio, Texas, to Niagara, Canada. The Division noted that in 2007, WGL contracted with Accenture LLP ("Accenture") to outsource aspects of the Company's call center functions; and that Accenture had maintained WGL's emergency call operations in San Antonio, Texas, until that time. The Division requested that the Commission establish this investigation for the purpose of determining whether the movement of the Company's outsourced emergency call center operations outside of the United States would result in a degradation of public services or the Division's ability to investigate possible violations of the Safety Standards.

In our Final Order in Case No. PUE-2006-00059,[1] we approved a performance-based regulatory ("PBR") plan for WGL under § 56-235.6 of the Code. In that Final Order, we cautioned that:

> Consistent with the statutory requirements for a performance-based regulatory plan, we expect WGL's service and reliability to remain at or to exceed present levels during the term of the revised PBR Plan. As we explained in a prior Commission decision adopting a five year rate plan for electric service: "We recognize that a rate plan could create incentives for [the public utility] to reduce expenses which might adversely impact service to its customers. If we find a deterioration in service, we will not hesitate to act to ensure that service is maintained at least at current standards."[2]

In that same Order, we directed the Company to work with the Staff to develop service quality standards and appropriate metrics that were designed to monitor the outsourcing of business processes to Accenture, "to measure the Company's progress in continuing to maintain a safe and reliable gas distribution system while striving to control operating costs."[3] WGL notes that it has been providing the Staff with quarterly reports on its emergency and other call metrics since the Commission accepted the Stipulation between the Company and the Staff in the PBR proceeding in 2007.[4]

On May 19, 2010, the Division filed its Staff Report in this proceeding. The Division did not raise specific concerns with the Company's metrics or average call response times. The Division focused its evaluation on several aspects of the call center's operations, including: the call center's technical capabilities for retaining and storing information; the call center's ability to interface with WGL's Virginia operations to provide prompt responses to emergency calls; the training, drug and alcohol testing, and operating procedures applicable to employees involved in call center operations; the Division's access to call center employees and relevant documents in the course of a pipeline safety investigation; and the recovery of investigative costs that involve evidence obtained from Canada. The Staff made several recommendations in its Report in these areas, and each of these recommendations was addressed by the Company and the Staff in later pleadings.

On June 16, 2010, the Company filed it Comments on Staff Report ("Comments"). In its Comments, the Company did not object to five of the Division's recommendations. Specifically, WGL did not object to the Division's recommendations that the Company:

- Retain all records of compliance requirements for the Company's drug and alcohol program pursuant to 49 C.F.R. Part 199, including training, pre-employment, random, reasonable cause, and post accident testing, for all employees, U.S. and Canadian, in its Springfield Operations Center.
- Retain records of all emergency response training and operator qualification pursuant to 49 C.F.R. Part 192 for all employees, U.S. and Canadian, in its Springfield Operations Center.
- Enforce all contractual provisions in the Company's contract(s) with Accenture regarding audit procedures, including but not limited to those contained in Appendix 10 of the Master Services Agreement.
- Require Accenture to provide Staff with immediate access to call center employees, through enforcement of the relevant contractual provisions in the Company's contract(s) with Accenture, and by any other legal means, for purposes of interviewing and deposing such employees in a Commission investigation.[5]
- Verify that all call center employees are properly trained to recognize the conditions, in addition to the smell of gas, that are indicative of a possible gas emergency.[6]

The Company noted its objections to the other recommendations made by the Division. On July 9, 2010, the Staff filed its Motion for Leave to Reply to the Comments of Washington Gas Light Company ("Motion"), along with its proposed Reply to WGL's Comments ("Reply"). On July 23, 2010, WGL filed is Response to the Staff's Motion along with Proposed Response to the Staff's Reply ("Response"). We hereby grant the Staff's Motion and accept both the Staff's Reply to the Company's Comments and the Company's Response.

NOW THE COMMISSION, having considered the record in this matter, is of the opinion and finds as follows. With respect to the recommendations of the Staff referenced above, we adopt those recommendations, and find that they are appropriate and supported by the record.

In addition, we make the following findings regarding the Staff's other recommendations.[7]

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[1] *Application of Washington Gas Light Company, For a general increase in rates, fees, charges, and revisions to the terms and conditions of service, as well as approval of a performance-based rate regulation methodology under Va. Code § 56-235.6*, Case No. PUE-2006-00059, Doc. Con. Nos. 386200-386203 (Final Order, September 19, 2007).

[2] *Id.* at 13 (footnote omitted).

[3] *Id.* at 14, 16-17.

[4] WGL Response at 6.

[5] The Company clarified that it has no legal right to require or provide access to former WGL or Accenture employees. WGL Comments at 15.

[6] Staff Report at 23-25.

[7] The Company and Staff also discuss issues regarding Staff investigative costs. WGL Comments at 14; Staff Reply at 10; WGL Response at 13-14. In this regard, we note that the findings herein in no manner limit the Staff's ability to pursue investigations and settlement to the fullest extent permitted by law.

The Division originally recommended that WGL provide a redundancy for the Company's Customer Information System ("CIS") in order to ensure the Company's ability to obtain and store the customer information when the CIS is off line for processing. The Company maintains that it uses its computer aided design ("CAD") system to record the information when the system is off line, and that the CAD system automatically updates the CIS system when the processing is complete.[8] The Company further represents that the only option available to WGL for continuous operation of the CIS would be to replace the current CIS with an operating system that allows for simultaneous update of records, an option that the Company estimates would cost tens of millions of dollars.[9] The Company advises that it has operated its CIS without a redundant server for over 30 years, and obviously prior to its relationship with Accenture.[10] The Division makes a number of arguments in favor of a redundant server. The Staff notes that it is not aware of, and has not discovered, any incidents involving the CIS wherein a loss of data or customer records has occurred. However, the Division notes that when the CIS system becomes non-functional, a manual process is used.[11] The Division advises that it will continue to monitor the effectiveness of the Company's system. After considering the record, we do not find that a redundant customer information system should be required at this time, but we agree that the Division should continue to monitor the effectiveness of the existing CIS.

The Division also recommended that WGL store all audio recordings of emergency calls at its Springfield Operations Center for five years. The Company advises that it retains all audio recordings of emergency calls for two years or, in the event of an investigation, until the investigation is complete.[12] The Company further advises that it made a strategic business decision in 2007 to relocate all if its information technology infrastructure (including the equipment for call recordings) off site.[13] The Staff does not take issue with where the recordings are made, but recommends that duplicates be stored in Springfield for ease of access, prompt investigative response, and avoidance of delay in recovering this data.[14] In its Response, the Company advises that audio recordings of emergency calls are digital, so the most expeditious way to provide a copy of an audio recording would be to send it via electronic mail.[15] We will accept the Company's representations regarding the ease of access and production of these recordings, and direct the Company to promptly produce all recordings and other documentation of emergency calls to the Division upon request in the course of an investigation.

We turn next to the call center's ability to identify the source of an emergency call. Both the Division and the Company devote significant attention to the Company's and call center's ability to retain and store the automated number information ("ANI") of an emergency call in order to identify the caller and the location of an incident. The focus of the Division's concern is a loss of connection with an emergency caller before the call is completed, which can result in loss of information that the Company can use for a prompt response to the call. The Company expresses several concerns with a directive to develop a system that retains and stores caller information automatically. Among other things, the Company advises that: ANI information cannot be instantly retrieved and would not be useful in expediting the handling of an emergency;[16] implementing a system to retain and store ANI would eliminate the telecommunications redundancy that has been built into its current call center system;[17] the Company's system was not configured to retain and store ANI information for emergency calls prior to the transfer of call center operations from WGL to Accenture; and further that the Company would expect to recover the unknown costs for implementing such a system in rates.[18] The Company also disagrees with the Staff that the emergency call center CSRs do not follow a standard operating procedure in the event of a report of a gas leak when only the caller's telephone number is known.[19]

After consideration of the Company's Comments, the Division ultimately makes two recommendations regarding retention and storage of automated number information and CSR operating procedure. First, the Division requests that the Commission consider requiring the Company to conduct a cost-benefit analysis of implementing a system that retains and stores the ANI for all calls received by the WGL Accenture emergency call center, and submit such findings to the Commission Staff.[20] We find this recommendation appropriate after consideration of all of the information submitted in this proceeding, and direct the Company to do so. Second, the Division requests that the Commission consider requiring the Company to develop a standard operating procedure for CSRs to follow in the event of the report of a gas leak when only the caller's telephone number is known.[21] The Company advises that the emergency call CSRs already have and follow such standard operating procedures, but the Company does agree to document these procedures.[22] We therefore direct the Company to document these procedures, and submit a copy of such documented procedures to the Division.

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[8] WGL Response at 9.

[9] *Id.* at 10; WGL Comments at 7.

[10] WGL Comments at 6.

[11] Staff Reply at 7.

[12] WGL Comments at 11.

[13] *Id.* at 11-12.

[14] Staff Reply at 9.

[15] WGL Response at 11.

[16] *Id.* at 5.

[17] WGL Comments at 5.

[18] *Id.* at 2, 6.

[19] WGL Response at 8.

[20] Staff Reply at 6.

[21] *Id.*

[22] WGL Response at 8.

Finally, we appreciate the Division's need to obtain access to the right personnel, documents and recordings promptly in the course of a pipeline safety investigation. WGL must demonstrate that its call center relocation to Canada does not pose a significant hindrance to the Division's ability to investigate an incident. If it does, we will consider revisiting this issue. As we noted in the original Order in this proceeding, the Commission is empowered to order correction of any practice, act or service that is found to be unjust, unreasonable, insufficient or inadequate.[23]

Accordingly, IT IS ORDERED THAT:

(1) The Company shall retain all records of compliance requirements for the Company's drug and alcohol program pursuant to 49 C.F.R. Part 199, including training, pre-employment, random, reasonable cause, and post accident testing, for all employees, U.S. and Canadian, in its Springfield Operations Center.

(2) The Company shall retain records of all emergency response training and operator qualification pursuant to 49 C.F.R. Part 192 for all employees, U.S. and Canadian, in its Springfield Operations Center.

(3) The Company shall enforce all contractual provisions in the Company's contract(s) with Accenture, including those referenced in the Staff's Report, regarding audit procedures by the Company, inspectors, and regulators.

(4) The Company shall require Accenture to provide Staff with immediate access to call center employees, through enforcement of the relevant contractual provisions in the Company's contract(s) with Accenture, and by any other legal means, for purposes of interviewing and deposing such employees in a Commission investigation.

(5) The Company shall verify that all call center employees are properly trained to recognize the conditions, in addition to the smell of gas, that are indicative of a possible gas emergency.

(6) The Company shall promptly produce all recordings and other documentation of emergency calls to the Division upon request in the course of an investigation.

(7) The Company shall conduct a cost-benefit analysis of implementing a system that retains and stores the ANI for all calls received by the WGL Accenture emergency call center, and submit such analysis to the Commission Staff on or before April 1, 2011.

(8) The Company shall document the standard operating procedures that call center CSRs must follow in the event of the report of a gas leak when only the caller's telephone number is known, and submit a copy of such documented procedures to the Division on or before November 1, 2010.

(9) There being nothing further to be done herein, this matter shall be dismissed from the Commission's docket of active proceedings.

[23] Order Establishing General Investigation at 4; Va. Code §§ 56-35, 56-247, and 56-257.2.

CASE NO. PUE-2009-00131
SEPTEMBER 2, 2010

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

Ex Parte: In the Matter of Investigating the Outsourcing of Washington Gas Light Company's Call Center Functions to Accenture LLP

ORDER GRANTING RECONSIDERATION

On August 13, 2010, the Commission issued its Final Order ("Order") in this proceeding. Twenty days later, on September 2, 2010, Washington Gas Light Company ("Company") filed its Petition for Reconsideration ("Petition") of the Commission's Order, for the purpose of clarifying the language of Ordering Paragraph (2) of the Order.

NOW THE COMMISSION, upon consideration of this matter, grants reconsideration for the purposes of continuing our jurisdiction over this matter and considering the Company's Petition.

Accordingly, IT IS ORDERED THAT:

(1) Reconsideration is granted for the purpose of continuing our jurisdiction over this matter and considering the Company's Petition.

(2) This matter is continued pending further order of the Commission.

CASE NO. PUE-2009-00131
SEPTEMBER 16, 2010

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

Ex Parte: In the Matter of Investigating the Outsourcing of Washington Gas Light Company's Call Center Functions to Accenture LLP

ORDER ON RECONSIDERATION

On August 13, 2010, the Commission issued its Final Order in this proceeding. On September 2, 2010, Washington Gas Light Company ("WGL" or "Company") filed a Petition for Reconsideration ("Petition") of the Commission's Final Order, for the purpose of clarifying or reconsidering the language of Ordering Paragraph (2) thereof. Ordering Paragraph (2) of the Final Order states that "[t]he Company shall retain records of all emergency response training and operator qualification pursuant to 49 C.F.R. Part 192 for all employees, U.S. and Canadian, in its Springfield Operations Center." The Company "requests the Commission to clarify or reconsider Ordering Paragraph (2) . . . so that the Company be required to retain records of all emergency response training and operator qualification, *to the extent that it is required by 49 C.F.R. Part 192*."[1]

On September 2, 2010, the Commission issued an Order Granting Reconsideration for the purpose of continuing our jurisdiction over this matter and considering the Company's Petition.

NOW THE COMMISSION, upon consideration of this matter, finds that no modification of the language of Ordering Paragraph (2) of the Final Order is necessary. The directive in Ordering Paragraph (2) already requires record retention "pursuant to 49 C.F.R. Part 192"; thus, it is unnecessary to add "to the extent that it is required by 49 C.F.R. Part 192" as requested by the Company.

Accordingly, IT IS ORDERED THAT this matter is hereby dismissed.

[1] WGL Petition for Reconsideration at 12 (emphasis in original).

CASE NO. PUE-2009-00133
MARCH 10, 2010

APPLICATION OF
BEAR ISLAND PAPER COMPANY, L.P.

For permission to participate in the PJM Interconnection Economic Loan Response Program

ORDER GRANTING CONDITIONAL PERMISSION TO PARTICIPATE IN THE PJM INTERCONNECTION ECONOMIC LOAD RESPONSE PROGRAM

On December 8, 2009, Bear Island Paper Company, L.P. ("Bear Island" or "Company"), a Virginia limited partnership, by counsel, filed an Application seeking permission to continue to participate in the PJM Interconnection ("PJM") Economic Load Response Program ("ELRP").

In support of its Application, Bear Island stated that it operates a paper mill in Hanover County, Virginia, where it receives electric utility service from Rappahannock Electric Cooperative ("Rappahannock"), which is a member of the Old Dominion Electric Cooperative ("Old Dominion"). Additionally, Bear Island stated that it has demonstrated an ability to shed demand for electricity during peak demand and peak pricing periods and has participated for a number of years in the ELRP pursuant to permission obtained from both Rappahannock and Old Dominion as reflected in a Confidential Settlement Agreement dated October 19, 2007 ("Agreement").

With regard to Bear Island's participation in the ELRP, Old Dominion is the Load Serving Entity ("LSE"), Rappahannock is the Electric Distribution Company("EDC"), and the State Corporation Commission ("Commission") is the relevant electric retail regulatory authority ("RERRA"). On July 16, 2009, the Federal Energy Regulatory Commission ("FERC") issued an Order on Rehearing in its Docket No. RM07-19-001 (Wholesale Competition in Regions with Organized Electric Markets). In that Order, FERC directed the RTOs and ISOs (such as PJM) to amend their market rules to accept bids from aggregators of retail customers of utilities that distributed four (4) million MWh or less in the previous fiscal year (such as Rappahannock) only with the permission of the RERRA. PJM made a compliance filing in FERC Docket No. RM07-19-001, which included certain tariff revisions related to its ELRP. PJM notified its market participants that Economic Load Response registrations for end-use sites that are served by small EDCs (served less than four (4) million MWh in 2008) will be terminated unless evidence of the applicable RERRA's permission or conditioned permission to participate is supplied to PJM by the EDC or LSE. The evidence supplied must take the form of an order, resolution or ordinance of the RERRA, an opinion of the RERRA's legal counsel attesting to existence of an order, resolution, or ordinance, or an opinion of the state attorney general on behalf of the RERRA attesting to existence of an order, resolution or ordinance.

In its Application, Bear Island asserted that the termination of its registration in the ELRP would reduce the incentive for it to curtail load during periods of high-priced electricity and cause practical difficulties and financial hardship for Bear Island during these difficult economic times. Bear Island also represented that both Rappahannock and Old Dominion have consented to Bear Island's request for an order granting it conditional permission to participate in the ELRP.

On December 9, 2009, the Commission entered an Order on Bear Island's Application which, among other things, granted Bear Island conditional permission to continue to participate in the PJM ELRP in order to preserve the *status quo*, on the condition that such participation be limited and subject to the terms and conditions of the Agreement and subject to further action of the Commission.

On January 12, 2010, the Commission entered an Order Inviting Comments wherein it invited interested persons to file comments regarding the Application on or before February 5, 2010. However, the Commission received no comments in response to the Order Inviting Comments.

NOW THE COMMISSION is of the opinion and finds that Bear Island's Application for permission to participate in the PJM ELRP should be granted on the condition that such participation be limited and subject to the terms and conditions of the Agreement and subject to further action of the Commission.

Accordingly, IT IS ORDERED THAT:

(1) Bear Island is granted conditional permission to continue its participation in the PJM ELRP, limited and subject to the terms and conditions of the Agreement; such conditional permission is subject to further action of the Commission and shall not serve as precedent in this or any other proceeding.

(2) This matter is continued generally.

CASE NO. PUE-2009-00135
JANUARY 8, 2010

APPLICATION OF
NORTHERN NECK ELECTRIC COOPERATIVE

For approval to increase its short-term borrowing limit from $7,000,000 to $15,000,000

ORDER GRANTING AUTHORITY

On December 14, 2009, Northern Neck Electric Cooperative ("Northern Neck") ("Applicant") filed an application with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia for approval to increase borrowing under short-term lines of credit from $7,000,000[1] up to $15,000,000. The amount of short-term debt authority requested in the application is in excess of 12% of total capitalization as defined in § 56-65.1 of the Code of Virginia. Applicant has paid the requisite fee of $250.

Applicant seeks approval to increase its available borrowing through a new short-term line of credit ("LOC") agreement with the National Bank for Cooperatives ("CoBank") to bridge any gap in obtaining long-term financing. The additional borrowing capacity through the new LOC will provide Northern Neck an alternative source of financing with a competitive interest rate, especially in times of emergency. CoBank approved the $8,000,000 LOC on November 25, 2009, and Applicant's Board of Directors anticipates executing the LOC at its January 2010 board meeting. The rate of interest paid by Northern Neck will be chosen from interest rate term options determined by CoBank from time to time. During each twelve-month period the LOC is in effect, Northern Neck must have a zero balance on the last day of the agreement. The LOC may renew automatically for a new 364-day term in perpetuity, unless terminated by CoBank or Northern Neck with at least ninety days' notice.

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) Northern Neck is authorized to increase its borrowing of short-term debt under lines of credit from $7,000,000 to $15,000,000 under the terms and conditions and for the purposes stated in its application.

(2) Should Applicant seek to modify any terms or conditions or seek to increase the limit amounts of the lines of credit approved herein, Applicant shall submit an application with the Commission at least 25 days prior to the effective date of the proposed change.

(3) There appearing nothing further to be done in this matter, it hereby is dismissed.

[1] *See Application of Northern Neck Electric Cooperative, For approval to increase a line of credit up to $7,000,000* . . . Case No. PUE-2006-00109, 2006 S.C.C. Ann. Rept. at 493-494, Final Order (Nov. 2, 2006).

CASE NO. PUE-2009-00136
MARCH 25, 2010

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

In re: Po River Water and Sewer Company's proposed revised rates, rules, and regulations

ORDER FOR NOTICE AND HEARING

On December 15, 2009, Po River Water and Sewer Company ("Po River" or "Company") notified its customers and the State Corporation Commission ("Commission") of its intent to increase rates and revise portions of the Company's rules and regulations on file with the Commission, effective for service rendered on or after February 1, 2010, pursuant to the Small Water or Sewer Public Utility Act, § 56-265.13:1 *et seq.* of the Code of Virginia ("Code").

On January 25, 2010, the Indian Acres Club of Thornburg ("IACT") filed a Petition for Declaratory Judgment, Injunction and Additional Relief ("Petition"), in which IACT asserted that Po River failed to provide a copy of the notice described above to IACT on December 15, 2009. Instead, IACT asserted that the Company sent IACT a copy of the notice via certified mail on January 4, 2010, after IACT advised Po River that it had not received official notice. The Petition asked the Commission to declare Po River's notice defective pursuant to § 56-265.13:5 of the Code and Rule 5 of the Commission's Rules Implementing the Small Water or Sewer Public Utility Act (20 VAC 5-200-40) and to enjoin Po River, pursuant to § 12.1-13 of the Code, from implementing its proposed revisions. Alternatively, if the request for an injunction is denied, IACT requested that the Commission schedule a hearing pursuant to § 56-265.13:6 of the Code and suspend the Company's proposed rates, tolls, and charges, pursuant to § 56-265.13:3 of the Code, for one hundred and fifty (150) days beginning January 5, 2010. IACT also asked the Commission to declare the proposed rates to be implemented on an interim basis and subject to refund with interest if implemented after the suspension period but prior to a final order in this case.

On January 28, 2010, Po River filed a letter with the Commission indicating that the Company would not be putting the changes previously noticed on December 15, 2009, into effect on February 1, 2010, and would be delaying implementation of those changes until May 1, 2010. The Company stated that it planned to send a letter to its customers on January 29, 2010, advising them of the new date for implementing the revised rates, rules, and regulations and would also be providing a revised notice explaining the changes and the new effective date of May 1, 2010.

On January 29, 2010, Po River resubmitted to the Commission the revised rates, rules, and regulations as well as the new notice sent to customers that described the changes being made to the rates and certain portions of the rules and regulations on file with the Commission. Po River stated that the notice filed on December 15, 2009, was not sent to one large customer at that time; therefore, Po River was sending a second notice to all customers advising that implementation of the changes would instead take effect on May 1, 2010.

On February 10, 2010, Po River filed a response to the IACT Petition stating that the relief requested is no longer necessary since the Company has remedied the defect in the December 15, 2009 notice by reissuing the notice to all of its customers on January 29, 2010. With regard to IACT's request that a hearing be scheduled and that Po River's proposed rate increase and revised rules and regulations be suspended one hundred and fifty (150) days from January 5, 2010, Po River stated that IACT relies incorrectly on § 56-265.13:3 of the Code, which only applies to companies with gross annual revenues of more than $500,000. Po River stated that the sixty (60) day suspension period under § 56 265.13:6 A of the Code applies to Po River, should the Commission decide to order any suspension period, because Po River has only slightly more that $402,000 in annual gross revenues based upon its financial statements for the twelve months ending December 31, 2008.

Furthermore, Po River asserted that no suspension period should be ordered beyond the delayed implementation period of May 1, 2010, which Po River has provided for by its own actions. Po River asserted that it is incurring substantial financial loss under its currents rates, and it asked that the Commission allow the proposed rates to go into effect May 1, 2010.

Finally, Po River requested that it not be required to escrow the increase in rates as provided under § 56-265.13:6 C of the Code, asserting that it needs immediate relief given its annual losses of over $250,000. Po River asserted that escrowing the amount of the increase in rates until final resolution of the proceeding will deny Po River the funds needed to continue to meet the Commonwealth's environmental and health laws and to provide adequate service.

On February 16, 2010, IACT filed its reply wherein it agreed with Po River that the new notice sent on January 29, 2010, provides customers with the statutorily mandated forty-five (45) day notice on the proposed rate changes required under § 56-265.13:5 of the Code. Accordingly, IACT stated that there is no longer any need for injunctive and declaratory relief. However, IACT asserted that the one hundred and fifty (150) day suspension period provided pursuant to § 56-265.13:3 of the Code is the correct suspension period to be used in this proceeding because the Company's proposed rates and charges will produce gross annual revenues of $700,634. By proposing rates in excess of the $500,000 annual gross revenues threshold, IACT asserts that Po River has triggered the longer suspension period under § 56-265.13:3 of the Code. Accordingly, IACT asserted that the one hundred and fifty (150) day suspension period should run from January 29, 2010. IACT also asserted that the customers should be granted the further protection of having the rates declared interim and subject to refund as allowed by § 56-265.13:6 A of the Code. Finally, in regard to Po River's request that it not be required to escrow the increase in rates, IACT argued that the provisions of § 56-265.13:6 C of the Code require the Commission to direct that the funds produced by the increase be held in escrow when new rates will produce a 50% increase in revenues.

The changes to the rates, rules, and regulations proposed by Po River in both its December 15, 2009 notice and its January 29, 2010 notice provide for an increase in the flat quarterly rate from $22.69 to $37.98 per privately owned lot receiving only water service. Po River also seeks to implement a new flat combined quarterly rate for customers receiving water and sewer services, which would increase the rate presently paid by those customers from $22.69 to $70.96. IACT's flat quarterly rate for water and sewer services will be increased from $45,345 to $117,003. The Company also proposes to change certain portions of its rules and regulations for service, which are set out in detail in the notice previously provided to customers and filed herein. According to an exhibit filed by the Company with the notice, the proposed increase would raise annual operating revenues to $799,634, an increase of $426,025.

To date, the Commission's Division of Energy Regulation has received in excess of 250 comments and requests for hearing on the Company's proposed increase in rates and revised rules and regulations from Po River's customers. Section 56-265.13:6 of the Code provides that the Commission shall conduct a hearing on the proposed rate change if requested by either 250 customers or 25% of the customers of the small water or sewer utility, whichever number is lesser.

NOW THE COMMISSION, having considered the filings herein and applicable law, is of the opinion and finds as follows.

Declaratory Judgment and Injunction

IACT has stated that its request for injunctive and declaratory relief has been rendered unnecessary by Po River's reissuing of its notice to all of its customers and the Commission on January 29, 2010. We agree and find that portion of the Petition filed by IACT should be denied as it is now moot.

Hearing

We find that a hearing should be scheduled pursuant to § 56-265.13:6 A of the Code to receive evidence relevant to Po River's proposed rate increase and revisions to its rules and regulations. The Commission has received in excess of 250 comments and requests for hearing from the customers of

Po River about its intended rate increase. We will direct that a Hearing Examiner be appointed to conduct the proceedings and issue a report. We will also direct Po River to give notice to the public of the procedural schedule adopted herein.

Suspension of Rates

IACT has requested that the Commission suspend the implementation of the increase in rates and the revised rules and regulations one hundred and fifty (150) days from January 29, 2010, the date the notice to the customers was reissued by Po River. In support of this request, IACT relies on § 56-265.13:3 of the Code. In contrast, Po River argues that the sixty (60) day suspension period under § 56-265.13:6 A of the Code is applicable to this proceeding.

Section 56-265.13:3 of the Code provides, in part, that "[i]n case of a company with gross annual revenues of $500,000 or more, (i) the Commission may suspend a proposed increase in rates for a period not exceeding 150 days from the date of the filing of the proposed rate increase . . . ." Both IACT and Po River agree that prior to filing for this proposed rate increase, Po River did not have annual gross revenues of $500,000 or more. We do not find that Po River's filing notice of its intent to prospectively increase rates to produce revenues above this $500,000 threshold triggers implementation of § 56-265.13:3 of the Code. Accordingly, we find that IACT's request for a suspension period of one hundred and fifty (150) days from January 29, 2010, should be denied.

We also find it appropriate to suspend the Company's rates until May 1, 2010, consistent with Po River's January 29, 2010 notice to its customers. In addition, we find the proposed rates, charges, fees, rules, and regulations proposed by Po River to be interim and subject to refund with interest pursuant to § 56-265.16:6 A of the Code. Thus, Po River may, but is not obligated to, implement the proposed rates, charges, and revised rules and regulations effective May 1, 2010, on an interim basis subject to refund with interest until such time as the Commission has made its final determination in the proceeding.

Escrow

Po River asks the Commission not to require the Company to escrow the increase in rates while the case is pending. IACT asserts that escrowing new rates is a form of ratepayer protection mandated by statute when a company proposes new rates that will produce a 50% or greater increase in rates.

Section 56-265.13:6 C of the Code, in part, provides:

> If the change in rates, fees, and charges results in an increase of 50 percent or greater of the small water or sewer utility's annual revenues . . . and, if a hearing is ordered, the Commission shall expedite the hearing on the change in rates, fees, and charges. The Commission shall also direct that the funds produced by the increase in rates, fees, and charges shall be held in escrow by the small water or sewer utility until the Commission has rendered its decision, at which time the funds held in escrow shall either be released to the small water or sewer utility or refunded to its customers. The Commission may, however, allow the funds held in escrow to be used as necessary to comply with environmental or health laws or regulations or to allow the small water or sewer utility to provide adequate service to its customers.

The rate increases noticed by Po River will increase its annual revenues by more than 50%, from $402,018 in annual revenues as of year end 2008 to $799,634, if approved by the Commission. The Commission finds the provisions of § 56-265.13:6 C of the Code to be mandatory; that is, the Commission is required by this statute to direct the funds to be held in escrow when this statutory threshold increase is met or exceeded. Accordingly, the Commission will direct the Company to hold in escrow the funds produced by the increase in rates, fees, and charges implemented on an interim basis and subject to refund on or after May 1, 2010. Po River may, pursuant to § 56-265.13:6 C of the Code, petition the Commission for authorization to use funds held in escrow when necessary to comply with environmental or health laws or regulations or to allow the Company to provide adequate service to its customers. Such requests will be considered on a case-by-case basis in light of the statutory requirements of § 56-265.13:6 C of the Code.

Accordingly, IT IS ORDERED THAT:

(1) This matter be docketed and assigned Case No. PUE-2009-00136.

(2) IACT's Petition for declaratory judgment and injunction is moot and thereby denied.

(3) As provided by § 12.1-31 of the Code and the Commission's Rules of Practice and Procedure, 5 VAC 5-20-120, a Hearing Examiner shall be appointed to conduct further proceedings in this matter on behalf of the Commission and shall issue a final report herein.

(4) A public hearing before a Hearing Examiner shall be held on July 28, 2010, commencing at 10:00 a.m. in the Commission's Second Floor Courtroom, located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23218, to receive the testimony of public witnesses and evidence from the Company, any respondents, and the Staff related to the proposed increase in rates and revisions to the rules and regulations of Po River. Any person desiring to offer testimony as a public witness at the hearing need only appear in the Commission's Courtroom at 9:45 a.m. on the day of the hearing and register a request to speak with the Commission's Bailiff.

(5) Pursuant to § 56-265.13:6 A of the Code, the Company's proposed rates, rules, and regulations shall be interim and subject to refund with interest. Po River may, but is not obligated to, implement its proposed rates, fees, charges, and revisions to its rules and regulations, on an interim basis subject to refund with interest, effective for service rendered on or after May 1, 2010.

(6) Pursuant to § 56-265.13:6 C of the Code, the Company shall hold in escrow all funds produced by the increase in rates, fees, and charges until the Commission has rendered its decision in this case.

(7) On or before April 9, 2010, the Company shall file with the Clerk of the Commission an original and fifteen (15) copies of the testimony and exhibits that the Company intends to present at the public hearing.

(8) The Company shall make copies of its proposed changes to its rates, rules, and regulations, as well as a copy of this Order for Notice and Hearing, available for public inspection during regular business hours at each of the Company's business offices in the Commonwealth of Virginia. Copies also may be obtained by submitting a written request to counsel for the Company, Donald G. Owens, Esquire, Troutman Sanders LLP, P.O. Box 1122, Richmond, Virginia 23218-1122. Copies of the revised rates, rules, and regulations and related 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, between the hours of 8:15 a.m. and 5:00 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.

(9) On or before April 9, 2010, the Company shall cause the following notice to be sent to each of its customers by first class mail, postage prepaid (bill inserts are acceptable):

NOTICE TO THE PUBLIC OF A HEARING
ON THE PROPOSED CHANGE IN WATER AND SEWER
RATES, RULES, AND REGULATIONS OF
PO RIVER WATER AND SEWER COMPANY
CASE NO. PUE-2009-000136

TAKE NOTICE that Po River Water and Sewer Company ("Po River" or the "Company") has filed with the State Corporation Commission, pursuant to § 56-265.13:1 *et seq*. of the Code of Virginia, notice of the Company's intent to change its rates, rules, and regulations effective May 1, 2010.

The Company proposes to increase the flat quarterly rate per privately owned lot receiving only water service from $22.69 to $37.98, and to implement a new flat combined quarterly rate for customers receiving water and sewer services, which will increase the rate presently paid by those customers from $22.69 to $70.96. The flat quarterly rate of the Indian Acres Club of Thornburg, the property owners' association, for water and sewer services is proposed to increase from $45,345 to $117,003. Through the proposed rate increase, the Company seeks an additional $426,025 in annual operating revenue.

The Commission has entered an Order scheduling a hearing on the proposed rate increase and the changes to the rules and regulations of the Company. The Commission has also ruled that the changes in rates, rules, and regulations may be placed into effect by Po River on May 1, 2010, on an interim basis subject to refund with interest pending the outcome of the proceeding. Furthermore, all funds produced by the increase in rates, fees, and charges will be held in escrow until the Commission has rendered its decision in this case.

TAKE NOTICE that while the total revenue requirement that may be approved by the Commission is limited to the amount produced by the Company's proposed rates, the individual rates and charges approved by the Commission may be higher or lower than those proposed by the Company.

A public hearing before a Hearing Examiner is scheduled to commence at 10:00 a.m. on July 28, 2010, in the Commission's Second Floor Courtroom, Tyler Building, 1300 East Main Street, Richmond, Virginia, to receive evidence related to proposed changes in rates, rules, and regulations. Any person desiring to testify as a public witness need only appear in the Commission's Second Floor Courtroom in the Tyler Building at the address set forth above prior to 9:45 a.m. on the day of the hearing and register a request to speak with the Commission's Bailiff.

A copy of Po River's proposed changes to its rates, rules, and regulations, as well as a copy of this Order for Notice and Hearing, will be available for public inspection during regular business hours at each of the Company's business offices in the Commonwealth of Virginia. Copies also may be obtained by submitting a written request to counsel for the Company, Donald G. Owens, Esquire, Troutman Sanders LLP, P.O. Box 1122, Richmond, Virginia 23218-1122. Copies of the revised rates, rules, and regulations, and related 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, between the hours of 8:15 a.m. and 5:00 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 May 27, 2010, an original and fifteen (15) copies of a notice of participation as a respondent with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Pursuant to Rule 5 VAC 5-20-80 of the Commission's Rules of Practice and Procedure, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Interested persons shall refer in all of their filed papers to Case No. PUE-2009-00136.

On or before May 27, 2010, each respondent may file with the Clerk of the Commission at the address above an original and fifteen (15) copies of any testimony and exhibits by which it expects to establish its case and shall serve copies of the testimony and exhibits on counsel to the Company, all other respondents, and the Staff. Respondents 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*.

On or before July 21, 2010, any interested person may file with the Clerk of the Commission, at the address set forth above, written comments on Po River's proposed changes to its rates, rules and regulations.

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 correspondence shall refer to Case No. PUE-2009-00136.

PO RIVER WATER AND SEWER COMPANY

(10) On or before April 9, 2010, the Company shall serve a copy of this Order for Notice and Hearing on the chairman of the board of supervisors and county attorney and upon the mayor or manager (or equivalent official) of the city or 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.

(11) On or before May 7, 2010, the Company shall file with the Clerk of the Commission proof of the notice and service required by Ordering Paragraphs (9) and (10) herein.

(12) On or before July 21, 2010, 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 Company's proposed changes in rates, rules, and regulations. 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.

(13) Any interested person may participate as a respondent in this proceeding by filing, on or before May 27, 2010, an original and fifteen (15) copies of a notice of participation with the Clerk of the Commission at the address in Ordering Paragraph (12) and shall simultaneously serve a copy of the notice of participation on counsel to the Company at the address in Ordering Paragraph (8). Pursuant to Rule 5 VAC 5-20-80 of the Commission's Rules of Practice and Procedure, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Interested persons shall refer in all of their filed papers to Case No. PUE-2009-00136.

(14) 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 for Notice and Hearing and a copy of the proposed changes to its rates, rules, and regulations, unless these materials have already been provided to the respondent.

(15) On or before May 27, 2010, each respondent may file with the Clerk of the Commission an original and fifteen (15) copies of any testimony and exhibits by which it expects to establish its case and shall serve copies of the testimony and exhibits on counsel to the Company and on all other respondents. Respondents 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*.

(16) The Staff shall investigate the Company's proposed increase in rates and revisions to its rules and regulations. On or before June 25, 2010, the Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of the Staff's testimony and exhibits.

(17) On or before July 16, 2010, Po River shall file with the Clerk of the Commission an original and fifteen (15) copies of any rebuttal testimony and exhibits and shall serve a copy on the Staff and all respondents.

(18) The Company and all respondents shall respond to written interrogatories and requests for the production of documents 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.

(19) This matter is continued pending further order of the Commission.

CASE NO. PUE-2009-00137
MAY 4, 2010

APPLICATION OF
APPALACHIAN POWER COMPANY

For a certificate of public convenience and necessity to rebuild a portion of a 138 kV transmission line in Washington County and the City of Bristol, Virginia

FINAL ORDER

On December 16, 2009, Appalachian Power Company ("APCo" or "Company") filed an application with the State Corporation Commission ("Commission") for a certificate of public convenience and necessity to rebuild a portion of the Company's existing Saltville-Kingsport 138 kV transmission line located in Washington County and the City of Bristol, Virginia. Prepared testimony, exhibits, copies of correspondence, and other materials were filed in support of the Company's application.

The Company's application requests authority to rebuild 5.4 miles of its existing Saltville-Kingsport 138 kV transmission line between the Company's North Bristol Substation and Structure No. 62-116/1A & 2A, which is located approximately 0.4 mile northwest of the Company's Wolf Hills Substation. According to the application, the existing conductor on 5.4 miles of the Saltville-Kingsport 138 kV transmission line needs to be upgraded in order to handle the additional generation capacity that will be placed on the line by Virginia Electric and Power Company's ("Virginia Power") Virginia City

Hybrid Energy Center ("VCHEC") approved by the Commission in Case No. PUE-2007-00066.[1] The Company's application further represents that if the transmission line is not rebuilt and upgraded, non-contingency overloading will occur on the line when the VCHEC is placed in service.[2]

In order to prevent overloading on the transmission line, the Company plans to replace the line's existing towers and install a larger conductor to handle the additional generation capacity that will occur when the VCHEC is placed in service. The current towers, which have an average height of 100 feet, will be replaced with double circuit 138 kV steel lattice structures with an average height of 120 feet.[3] In addition, the existing conductor, which is approximately 0.75 inch in diameter, will be replaced with a larger conductor approximately 1.5 inches in diameter to handle the increased electrical load resulting from the VCHEC.[4] The Company's application proposes to rebuild the transmission line entirely within the Company's existing 100-foot-wide right-of-way.[5] The application's supporting testimony further states that Virginia Power will pay for the rebuild of the line, which is estimated to cost approximately $10.91 million.[6]

On February 1, 2010, the Commission issued an Order for Notice and Comment that docketed the application as Case No. PUE-2009-00137; directed APCo to provide public notice of its application; invited interested persons to file written comments and/or requests for hearing on the application by April 1, 2010; ordered the Commission Staff to review the application and file a Staff Report summarizing the results of its investigation by March 29, 2010; and allowed APCo to respond to the Staff Report and any public comments or requests for hearing on or before April 12, 2010.

On February 26, 2010, the Department of Environmental Quality ("DEQ") filed its coordinated environmental review ("DEQ Report") of the Company's proposed transmission line rebuild project. The DEQ Report recommends that the Company's proposal to rebuild the transmission line on its existing right-of-way be approved by the Commission. The DEQ Report further recommends that several mitigation measures be utilized by APCo in order to lessen the impact of the rebuild project on the environment and historic resources. The Company's application also contains a wetlands consultation conducted by the DEQ's Office of Wetlands and Water Protection. The DEQ's Office of Wetlands and Water Protection supports the Company's proposal to rebuild the line on its existing right-of-way and further recommends several permits that may be required for the project.[7]

On March 8, 2010, the Wise County Board of Supervisors filed a letter supporting the Company's application. According to the Wise County Board of Supervisors, the rebuild of the transmission line is necessary so the VCHEC can successfully operate in two years and provide Wise County with the significant economic benefits associated with the construction and operation of the VCHEC.

On March 25, 2010, the Staff filed a Report summarizing the results of its investigation of the Company's application. The Staff Report found "that the Company has demonstrated a public need for the proposed project . . . [and that the] Company's preferred route on the existing transmission line segment is superior to alternative routes studied."[8] Accordingly, "the Staff recommends that the Commission approve the proposed project and issue the requested certificate of public convenience and necessity."[9]

No requests for hearing were filed by interested persons on or before April 1, 2010, as required by the Commission's Order for Notice and Comment.

On April 8, 2010, the Company filed rebuttal testimony, which opposes two of the recommendations contained in the DEQ Report. First, the Company opposes the Virginia Department of Game and Inland Fisheries' ("VDGIF") recommendation that the Company be required to "[m]aintain undisturbed wooded buffers of at least 100 feet in width around all on-site wetlands and on both sides of all perennial and intermittent streams . . . ."[10] The Company opposes this recommendation because it presents safety and service reliability risks due to the potential for vegetation and wire contact from tall tree growth. The Company also claims that complying with the recommendation would require taller and heavier structures and additional line length,

[1] The Virginia City Hybrid Energy Center is a 585 megawatt (nominal) coal-fired generating plant that was approved by the Commission on March 31, 2008, in *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,* 2008 S.C.C. Ann. Rept. 385, Final Order (March 31, 2008) *aff'd, Appalachian Voices, et al., v. State Corp. Comm'n, et al.,* 277 Va. 509, 675 S.E. 2d 458 (April 17, 2009). In conjunction with the approval of the VCHEC, the Commission also approved on July 9, 2008, the construction of a 138 kV double circuit transmission line in Wise County and Russell County, Virginia, to connect the VCHEC to APCo's Clinch River Substation in Case No. PUE-2007-00111, *Application of Virginia Electric and Power Company d/b/a Dominion Virginia Power, For a certificate of public convenience and necessity to construct and operate a 138 kV Double Circuit Transmission Line in Wise and Russell Counties,* 2008 S.C.C. Ann. Rept. 448, Final Order (July 9, 2008).

[2] The Company's application advises that PJM Interconnection, L.L.C. ("PJM"), conducted "impact studies to determine, among other things, whether system reinforcements are required to accommodate the addition of the Coal Plant to the transmission system." Application at 2. The application further advises that "PJM's impact studies identified a non-contingency overload on APCo's North Bristol-Wolf Hills 138 kV circuit located on APCo's Saltville-Kingsport 138 kV line as a result of the addition of the Coal Plant's generating capacity at APCo's Clinch River Substation." *Id*.

[3] Direct testimony of Company witness Persing at 3.

[4] *Id.* at 2-3.

[5] Application at 3.

[6] Direct testimony of Company witness Taberner at 4.

[7] Application, Attachment 6, DEQ Wetland and Water Protection Letter.

[8] Staff Report at 9.

[9] *Id.* at 10.

[10] DEQ Report at 19.

thereby increasing the costs of the project. The Company finally claims that the VDGIF's recommended 100-foot buffer should not be adopted by the Commission because the Company's existing clearing methods are adequate to protect streams and wetlands.

The Company also opposes the VDGIF's recommendation that the Company "[a]dhere to a time-of-year restriction for all tree removal and ground clearing that is protective of resident and migratory songbird nesting from March 15 through August 15 of any year."[11] APCo claims such a restriction "would prevent [the Company from] clearing for almost half the year during the months that constitute the prime time for such activities."[12] The Company further claims that the recommendation, except as may be necessary to accommodate endangered species, would: (1) be unduly burdensome and utterly impractical; (2) adversely affect the Company's ability to complete the project on schedule; (3) increase costs; and (4) raise worker safety concerns due to a greater likelihood of clearing occurring under adverse weather conditions during non-summer months.[13]

The Company also commented on the DEQ's recommendation that APCo "to the extent feasible, . . . use the least toxic pesticides or herbicides effective in controlling the target species."[14] According to the Company's rebuttal testimony, some herbicides with low toxicity require higher concentrations and volumes of the active ingredient in order to control targeted vegetation. Accordingly, there may be occasions where the Company is required to use more toxic herbicides in order to lower the volume of herbicides necessary to control vegetation. However, the Company states that it "intends to use appropriate herbicide applications that will utilize the lowest volume of herbicide required to control the targeted vegetation, in strict accordance with the manufacturer's recommendations."[15]

Finally, the Company's rebuttal testimony indicates that Virginia Power recently advised APCo that the VCHEC will be test-fired on December 1, 2011. Accordingly, the Company requests "the Commission to expedite its consideration of this application to the extent possible in order to permit the Company to begin construction of this project by July 1, 2010."[16]

On April 21, 2010, the DEQ filed a Response to the Company's rebuttal testimony and included with its response a letter prepared by the VDGIF on April 19, 2010 ("VDGIF Response"). The VDGIF Response advised that the two recommendations opposed by APCo:

> were made as general guidance to minimize overall project impacts to wildlife and Virginia's natural resources. These recommendations were not specific to, or necessary for, the protection of threatened or endangered wildlife, the resources upon which they depend, or other unique or important wildlife resources under our jurisdiction. We understand that these recommendations can be difficult to adhere to and not practical in every situation. We do not intend, by making these recommendations, to significantly stall important infrastructure projects or to create safety issues associated with such projects.
>
> We are agreeable to the State Corporation Commission (SCC) removing the requirements for adherence to these recommendations from Appalachian Power's permit. We do ask, however, that Appalachian Power consider these recommendations and other ways to minimize impacts upon wildlife and our natural resources associated with this project, where practicable. We are happy to assist them in such efforts, as requested…. Our recommendations for the protection of listed species and trout streams associated with this project remain valid.[17]

With respect to the concerns raised by APCo regarding DEQ's recommendations for pesticides and herbicides, the DEQ states that it "has no objection to APCo's decision not to use the least toxic pesticides or herbicides effective in controlling the target species in instances where this approach would not be beneficial to the environment. As indicated in this recommendation, implementation was conditioned on its feasibility."[18]

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the public convenience and necessity require that APCo's existing Saltville-Kingsport 138 kV transmission line be rebuilt as proposed in the Company's application and 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 of Virginia ("Code"). Section 56-265.2 A of the Code provides that "[i]t 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:

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[11] *Id.*

[12] Rebuttal testimony of Company witness M. Shawn Smith at 2.

[13] *Id.* at 3.

[14] DEQ Report at 23.

[15] Rebuttal testimony of Company witness M. Shawn Smith at 3.

[16] *Id.* at 4.

[17] VDGIF Response, April 19, 2010, at 1-2.

[18] DEQ April 21, 2010 Response at 2.

> 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 (i) shall consider the effect of the proposed facility on economic development within the Commonwealth and (ii) shall consider any improvements in service reliability that may result from the construction of such facility.

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."

Finally, the Code 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

According to the Company's application, the proposed transmission line rebuild project is needed to accommodate the additional generating capacity of Virginia Power's VCHEC in Wise County, Virginia. The purpose of the proposed project is to upgrade the existing 80+ year-old conductor and install new supporting towers to resolve an overload projected by PJM when the VCHEC is placed in service. The Staff reviewed the Company's load flow studies and concluded that the load flow modeling and reliability needs presented by the Company to justify the new project are reasonable.

Accordingly, the evidence in this case is undisputed that there is a need to rebuild the Company's existing Saltville-Kingsport 138 kV transmission line between the Company's North Bristol Substation and Structure No. 62-116/1A & 2A in order to prevent overloading on APCo's transmission facilities when Virginia Power's VCHEC is placed in service. We therefore find that the Company has demonstrated a need to rebuild the transmission line as proposed in its application.

Economic Development and Service Reliability

According to the Company's application, the proposed rebuild of the transmission line is necessary to maintain system reliability and support the operation of Virginia Power's VCHEC in Wise County, Virginia. The Staff Report agrees that there is a need for the project to assure the reliability of APCo's transmission facilities and further concludes "that the project will not adversely affect economic development and is necessary to allow ongoing economic development in the area to continue."[19] Finally, the Wise County Board of Supervisors states that the rebuild of the transmission line is necessary so the VCHEC can successfully operate in two years and provide many high paying jobs and other economic benefits in Wise County, Virginia, associated with the construction and operation of the facility.

Based on the record in this case, it is undisputed that the transmission line project is needed to maintain the reliability of APCo's transmission facilities once the VCHEC is placed in service and that the VCHEC, as well as the proposed rebuild project, will have a favorable impact on economic development in southwestern Virginia. We therefore find that the project is necessary to assure the continued reliability of APCo's transmission facilities and that the rebuild of the line will allow ongoing economic development in southwestern Virginia, including the VCHEC, to continue.

Scenic Assets, Historic Districts, and Existing Rights-of-Way

The Company's application included assessments of the environmental, architectural, and historic resources that could be potentially impacted by the proposed rebuild of the transmission line. The Company concluded that the proposed rebuild project will have no adverse impacts on the scenic or historic resources in the vicinity of the project. After reviewing the Company's application, existing photographs, and studying the GIS constraints map, the Staff agrees that the proposed project will have no adverse impacts on the scenic or historic resources in the project area.

The Company further proposes to rebuild the transmission line on existing rights-of-way, which will minimize any adverse impacts caused by a rebuild of the transmission line. The Company's proposal to rebuild the line on its existing rights-of-way was also supported by the DEQ and Commission Staff. In addition, no comments were received from interested persons opposing the rebuild of the transmission line in the Company's existing rights-of-way.

Accordingly, we find that the transmission line will have little, if any, adverse impacts on the scenic and historic resources in the project area. Moreover, since the transmission line will be rebuilt entirely on existing rights-of-way, any scenic impacts of the transmission line will be minimized to the extent practicable. We further find that allowing the transmission line to be rebuilt entirely on the Company's existing rights-of-way will promote the public policy of the Commonwealth favoring the construction of transmission lines along existing rights-of-way where practicable.

Environmental Impact

Under §§ 56-46.1 A and B of the Code, the Commission is required to consider the proposed transmission line'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 facility by state agencies concerned with environmental protection.

[19] Staff Report at 9.

In order to assist the Commission with its review of the potential impacts of the proposed rebuild of the transmission line, the DEQ filed its coordinated environmental review recommending that the Company undertake the following actions when rebuilding its transmission line:

- Follow the DEQ's recommendations to minimize impacts to wetlands and streams (Environmental Impacts and Mitigation, item 1(d), pages 9-10).
- Reduce solid waste at the source, reuse it and recycle it to the maximum extent practicable, and follow the DEQ's recommendations to manage waste, as applicable (Environmental Impacts and Mitigation, item 5(d), page 15).
- Test and dispose of any soil that is suspected of contamination or hazardous materials that are generated during demolition and construction in accordance with applicable federal, state and local laws and regulations (Environmental Impacts and Mitigation, item 5(e), pages 15-16).
- Coordinate with the Department of Conservation and Recreation ("DCR") 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(f), page 18).
- Coordinate with the DCR Karst Program if undocumented karst features are discovered (Environmental Impacts and Mitigation, item 6(f), page 18).
- Conduct a habitat survey and biological inventory, if appropriate, and coordinate with the DCR to protect and minimize impacts to protected species and natural heritage resources (Environmental Impacts and Mitigation, item 6(f), page 18).
- Coordinate with the DCR and submit requested information to the agency if Segments H and/or I are chosen (Environmental Impacts and Mitigation, item 6(f), page 18).
- Coordinate with the VDGIF regarding its recommendations on instream work, potential impacts to protected species and to minimize impacts to wildlife (Environmental Impacts and Mitigation, item 7(c), pages 19 and 20).
- Coordinate with the Department of Historic Resources regarding recommendations to conduct an archaeological survey and mitigate impacts to any site found eligible for listing on the Virginia Landmarks Register (Environmental Impacts and Mitigation, item 9(d), page 21).
- Coordinate with the Virginia Department of Transportation regarding road crossings (Environmental Impacts and Mitigation, item 10(d), page 21).
- Complete a 7460-1 form and submit it to the Federal Aviation Administration (Environmental Impacts and Mitigation, item 11(c), page 22).
- Follow the principles and practices of pollution prevention to the maximum extent practicable (Environmental Impacts and Mitigation, item 13, pages 22-23).
- Limit the use of pesticides and herbicides to the extent practicable (Environmental Impacts and Mitigation, item 14, page 23).

The Company did not object to the recommendations contained in the DEQ Report, with the exception of the two VDGIF recommendations noted herein. As previously stated, the Company objects to the VDGIF's recommendations to: (1) maintain undisturbed wooded buffers of at least 100 feet in width around all on-site wetlands and on both sides of all perennial and intermittent streams; and (2) adhere to a time-of-year restriction for all tree removal and ground clearing that is protective of resident and migratory songbird nesting from March 15 through August 15 of any year.

The response to the Company's rebuttal testimony indicates that the VDGIF is agreeable to removing these recommendations as conditions for approval of the Company's application, noting that it nevertheless asks that the Company consider these requirements and other ways to minimize impacts upon wildlife and other natural resources associated with the project, where practical. The VDGIF also advises that it stands ready to assist the Company in such efforts.

Accordingly, having considered the DEQ Report, the Company's rebuttal testimony, and the VDGIF Response, we will not impose these two recommendations as requirements necessary to minimize the adverse environmental impact of the proposed rebuild project, or as requirements to be made a part of the certificate of public convenience and necessity issued herein. The other recommendations made in the DEQ Report, as outlined herein, are conditions of the certificate of public convenience and necessity granted herein. With respect to the use of herbicides and pesticides, the Company shall comply with existing state and federal regulatory requirements and shall utilize herbicides and pesticides in a manner that minimizes any adverse impacts on the environment.

Alignment of the Proposed Transmission Line

The Company's application considered two alternate routing segments (identified as segments H and I on Exhibit 9 of the Company's application) between the Company's North Bristol Substation and Structure No. 62-116/1A & 2A in an effort to reduce the transmission line's impact on residences that have encroached on the Company's existing rights-of-way in several locations. However, the alternate routing segments were ultimately rejected by the Company because they would have increased the impact of the line on residences; increased the length of the line; increased the impact of the line on forested land; and would affect previously undisturbed land.

The Staff investigated the alternate routing segments and concluded that the Company's proposed route over its existing rights-of-way was preferable. The DEQ also supported the proposed route. We agree with the Company, Staff, and the DEQ that the route proposed by the Company is superior to routing that incorporates segments H and I.

Accordingly, IT IS ORDERED THAT:

(1) As proposed in its application, APCo is authorized to rebuild 5.4 miles of its existing Saltville-Kingsport 138 kV transmission line between the Company's North Bristol Substation and Structure No. 62-116/1A & 2A, which is located approximately 0.4 mile northwest of the Company's Wolf Hills Substation.

(2) Pursuant to §§ 56-46.1, 56-265.2 and related provisions of Title 56 of the Code, APCo's application for a certificate of public convenience and necessity to rebuild and operate a portion of its Saltville-Kingsport 138 kV transmission line is granted, as provided for herein, and subject to the requirements set forth in this Order.

(3) Pursuant to the Utility Facilities Act, Chapter 10.1 (§§ 56-265.1 *et seq.*) of Title 56 of the Code, APCo is issued the following certificate of public convenience and necessity:

> Certificate No. ET-49 f, which authorizes Appalachian Power Company under the Utility Facilities Act to operate presently constructed transmission lines and facilities in Washington County and the City of Bristol, all as shown on the detailed map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2009-00137, cancels Certificate No. ET-49 e issued to Appalachian Power Company on January 13, 1971, in Case No. 10848.

(4) The Commission's Division of Energy Regulation shall forthwith provide the Company a copy of the certificate issued in Ordering Paragraph (3) above with the detailed map attached.

(5) The transmission line project approved herein must be constructed and in service by December 31, 2011; 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 herein placed in the file for ended causes.

CASE NO. PUE-2009-00138
MARCH 10, 2010

APPLICATION OF
RAPPAHANNOCK ELECTRIC COOPERATIVE

For permission of its Customer and member, Flippo Lumber Corporation, to participate in the PJM Interconnection Economic Loan Response Program

ORDER GRANTING CONDITIONAL PERMISSION TO PARTICIPATE IN THE PJM INTERCONNECTION ECONOMIC LOAD RESPONSE PROGRAM

On December 16, 2009, Rappahannock Electric Cooperative ("Rappahannock" or "Company"), a Virginia electric cooperative, by counsel, filed an Application seeking permission for its Customer and member, Flippo Lumber Corporation ("Flippo"), to participate in the PJM Interconnection ("PJM") Economic Load Response Program ("ELRP").

In support of its Application, Rappahannock stated that Flippo is a customer and member of Rappahannock, which is a member of Old Dominion Electric Cooperative ("Old Dominion"). Rappahannock further states that Flippo has demonstrated an ability to shed demand for electricity during peak demand and peak pricing periods and has participated for a number of years in the ELRP pursuant to permission obtained from Rappahannock.

With regard to Flippo's participation in the ELRP, Old Dominion is the Load Serving Entity ("LSE"), Rappahannock is the Electric Distribution Company("EDC"), and the Virginia State Corporation Commission ("Commission") is the relevant electric retail regulatory authority ("RERRA"). On July 16, 2009, the Federal Energy Regulatory Commission ("FERC") issued an Order on Rehearing in its Docket No. RM07-19-001 (Wholesale Competition in Regions with Organized Electric Markets). In that Order, FERC directed the RTOs and ISOs (such as PJM) to amend their market rules to accept bids from aggregators of retail customers of utilities that distributed four (4) million MWh or less in the previous fiscal year (such as Rappahannock) only with the permission of the RERRA. PJM made a compliance filing in FERC Docket No. RM07-19-001, which included certain tariff revisions related to its ELRP. PJM notified its market participants that Economic Load Response registrations for end-use sites that are served by small EDCs (served less than four (4) million MWh in 2008) will be terminated unless evidence of the applicable RERRA's permission or conditioned permission to participate is supplied to PJM by the EDC or LSE. The evidence supplied must take the form of an order, resolution or ordinance of the RERRA, an opinion of the RERRA's legal counsel attesting to existence of an order, resolution, or ordinance, or an opinion of the state attorney general on behalf of the RERRA attesting to existence of an order, resolution or ordinance.

In its Application, Rappahannock asserted that the termination of Flippo's registration in the ELRP would reduce the incentive for it to curtail load during periods of high-priced electricity and cause practical difficulties and financial hardship for Flippo during these difficult economic times. Rappahannock also represented Old Dominion had consented to Flippo's request for an order granting it conditional permission to participate in the ELRP.

On December 18, 2009, the Commission entered an Order on Rappahannock's Application which, among other things, granted Flippo conditional permission to continue to participate in the PJM ELRP in order to preserve the *status quo*, subject to further action of the Commission.

On January 12, 2010, the Commission entered an Order Inviting Comments wherein it invited interested persons to file comments regarding the Application on or before February 5, 2010. However, the Commission received no comments in response to the Order Inviting Comments.

NOW THE COMMISSION is of the opinion and finds that Rappahannock's Application for permission of its customer, Flippo, to participate in the PJM ELRP should be granted subject to further action of the Commission.

Accordingly, IT IS ORDERED THAT:

(1) Flippo is granted conditional permission to continue its participation in the PJM ELRP subject to further action of the Commission and such approval shall not serve as precedent in this or any other proceeding.

(2) This matter is continued generally.

CASE NO. PUE-2009-00139
APRIL 14, 2010

APPLICATION OF
VIRGINIA NATURAL GAS, INC.

For Authority to Amend its Conservation and Ratemaking Efficiency Plan

FINAL ORDER

On December 23, 2008, the State Corporation Commission ("Commission") entered an "Order Approving Natural Gas Conservation and Ratemaking Efficiency Plan" in Case No. PUE-2008-00060 in which the Commission approved a 3-year Conservation and Ratemaking Efficiency Plan ("CARE Plan" or the "Plan") effective pursuant to Va. Code § 56-600 *et seq.* for Virginia Natural Gas, Inc. ("VNG" or the "Company").[1]

On July 16, 2009, VNG filed with the Commission a Motion for Waiver and Application to modify certain aspects of the CARE Plan approved by the Commission's December 23, 2008 Order. On November 10, 2009, the Commission approved VNG's request to modify certain aspects of its conservation and energy efficiency programs for the first year of its 3-year CARE Plan.[2]

On December 17, 2009, VNG, by counsel, filed an application with the Commission to modify the CARE Plan approved in Case No. PUE-2008-00060 for the second and third year of the Plan ("Application"). In its Application, the Company proposed to expand the eligibility for the low-income weatherization program to seventy-five percent of the median income, up from 175% of the poverty level approved in the December 23, 2008 Order in order to match the eligibility requirements now being used by VNG's partner agencies, the Southeastern Tidewater Opportunity Project and the Williamsburg/James City County Community Action Network (the "Community Action Agencies"), as a result of their receipt of funds pursuant to the American Recovery and Reinvestment Act of 2009 ("Stimulus Act"). VNG also requested authority to modify the program's eligibility requirements to match the eligibility requirements of the Community Action Agencies should the Community Action Agencies modify these requirements in the future. Additionally, VNG requested authority to shift funds, *i.e.*, $222,075, from the low-income weatherization program to the space heating (high-efficiency furnace) program. The total VNG-provided funds proposed to be available for the low-income weatherization program is $150,000.

VNG also requested authority to align the rebate for a programmable thermostat of a customer's choice with the free programmable thermostat program and to maximize the seasonal checkup program as approved by the December 23, 2008 Order. The Company proposes to continue to redefine the seasonal checkup program as a stand-alone program. The Company's Application advises that if the modification is approved, the $25 rebate for programmable thermostats will be funded from the allocation for the free programmable thermostat program. The money allocated to the seasonal checkup program will be spent on rebates for customers who perform seasonal checkups and not be combined with rebates for programmable thermostats, and customers will be able to participate in both programs if they choose. The Company also proposes to increase the rebate amount for the seasonal checkup program from $25 to $50 each to encourage participation in that program.

Additionally, VNG requests permission to shift $579,852 from the programmable thermostat program to the space heating (high-efficiency furnace) and tankless water heater programs. The total VNG-provided funds for the programmable thermostats and the administration costs required for the free programmable thermostat program will be approximately $45,148 each year in 2010 and 2011.

The Company also asks to shift $67,304 from the seasonal checkup program to the tankless water heater and tank-style water heater rebate programs. The total Company-provided funds proposed to be available for the seasonal checkup program is $121,466.

Further, the Company proposes to expand participation in the space heating (high-efficiency furnaces) rebate, tankless water heater rebate, and tank-style water heater rebate programs because the response to these programs was greater than originally projected by the Company or the Commission. VNG seeks to shift dollars from the low-income weatherization, programmable thermostat, and seasonal checkup programs to the space heating (high-efficiency furnace) rebate, tankless water heater rebate, and tank-style water heater rebate programs for the remainder of years two and three of these programs and to increase participation further by accepting federal stimulus dollars to fund additional rebates for these three programs upon distribution of the funds by the Department of Mines, Minerals, and Energy.

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[1] *Application of Virginia Natural Gas, Inc., For approval to implement a natural gas conservation and ratemaking efficiency plan including a decoupling mechanism and to record accounting entries associated with such mechanism*, Case No. PUE-2008-00060, 2008 S.C.C. Ann. Rept. 566, Order Approving Natural Gas Conservation and Ratemaking Efficiency Plan (Dec. 23, 2008) ("December 23, 2008 Order").

[2] *See Application of Virginia Natural Gas, Inc., To modify its conservation and ratemaking efficiency plan*, Case No. PUE-2009-00070, Doc. Con. No. 420994, slip op., Final Order (Nov. 10, 2009).

Finally, VNG proposes that it be authorized to reallocate up to one-third of the budgeted funds for each program or measure to another program or measure within a CARE Plan year without prior approval from the Commission. VNG proposes that Commission approval would be required to reallocate funds in excess of the foregoing budget limits from such measure or programs.

The Company also requested that it be permitted to carry over into the following program year any unused budgeted funds for a program or measure to the same program or measure for the following program year. VNG advised that unused administrative costs in any program or measure may also be carried over to the following year. VNG proposes to advise the Commission Staff in advance of any such reallocation or carry-over of budgeted funds. VNG requested authority to allocate Stimulus Act funds among eligible conservation and energy efficiency programs and measures in any manner that is consistent with funding guidelines applicable to such Stimulus Act funds in order to maximize the availability and utilization of such funds. VNG represented that this proposal was consistent with the flexibility provided to Columbia Gas of Virginia, Inc., in the Commission's December 4, 2009 Final Order in Case No. PUE-2009-00051 approving CGV's CARE Plan.[3]

VNG's Application included the following chart (Attachment A thereto), summarizing how funds will be reallocated and the number of participants proposed for 2010:

Program	No. of participants approved in Dec. 23, 2008 Order	Dollars allocated in Dec. 23, 2008 Order	No. of participants approved in revised 2009 Order	Dollars approved in revised 2009 Order	No. of participants proposed for 2010	Dollars proposed for 2010
Customer Education & Community Outreach		$750,000		$481,075		$750,000
Programmable Thermostats	25,000	$625,000	25,601	$485,377	8,000	$45,148
Low-Income Weatherization	226	$372,075	226	$150,000	226	$150,000
Seasonal Check-Up Rebate	7,550	$188,750	7,550	$188,750	2,400	$121,446
High-Efficiency Tank Water Heater Rebate	177	$26,550	177	$26,550	250	$37,637
Tankless Water Heater Rebate	196	$98,000	498	$249,000	650	$325,351
Space Heating Program (High-Efficiency Furnace Rebate)	196	$98,000	1,146	$573,000	1,456	$728,793
EnergyStar New Construction	20	$5,000	20	$5,000	20	$5,000

On January 25, 2010, the Commission entered its Order for Notice and Comment herein ("Order"). In its Order, among other things, the Commission directed VNG to publish notice of its Application throughout VNG's service territory in Virginia, serve a copy of the Order on local governmental officials in the Company's service territory, invited interested persons and the Commission Staff ("Staff") to file written comments on the issues presented in the case on or before March 11, 2010, and permitted the Company to file its response to the comments filed in the proceeding on or before March 25, 2010.

On February 26, 2010, VNG, by counsel, filed proof of the notice and service required by Ordering Paragraphs (2) and (3) of the Order.

Comments were filed by the Office of the Attorney General and Diane Ribble on March 11, 2010.

On March 11, 2010, the Staff, by counsel, filed a letter advising that it was not filing comments and that it took no position on the proposed modifications to the Company's CARE Plan set out in the Application.

On March 16, 2010, VNG, by counsel, filed its Reply Comments ("Reply"). In its Reply, among other things, VNG noted that the electronic comments filed by the interested party were not relevant to the proceeding because the Company is not seeking a rate increase and because the party filing those comments did not appear to reside in VNG's service territory. VNG requested the Commission to issue an order approving the Application so that the Company could make the proposed modifications to its CARE Plan as soon as possible.

NOW THE COMMISSION, upon consideration of the Application, the comments filed herein, and VNG's Reply thereto, is of the opinion and finds as follows.

First, we 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. To address this issue, we find that the following modifications to VNG's proposed CARE Plan amendments would need to be made: (1) shift no funds from the low-income weatherization program to the space heating program; (2) shift one-half of VNG's proposed $579,852 from the programmable thermostat program to the space heating program, with the remaining one-half of such funds not to be expended (which results in cost savings to the larger body of customers); (3) shift one-half of VNG's proposed $67,304 from the seasonal check-up program to the water heater programs, with the remaining one-half of such funds not to be expended (which results in

[3] *See 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, Doc. Con. No. 421963, slip op., Final Order (Dec. 4, 2009).

cost savings to the larger body of customers); (4) limit VNG's authority to shift funds from a program – without Commission approval – to no more than 25% of that program's fund allocation; and (5) any funds not expended on the programs designated thereto during a CARE Plan year shall not be spent and shall serve to lower the overall expenditures of the CARE Plan.

Accordingly, since § 56-602 B of the Code of Virginia requires the Commission either to "approve or deny, within 120 days, a natural gas utility's application to amend a previously approved plan," we deny VNG's Application to amend its CARE Plan as filed.

Second, we note that the Company's Application did not include quantitative data concerning the cost effectiveness of these programs before and after the proposed amendments. We will require VNG to file in this docket with the Clerk of the Commission an annual report pursuant to § 56-602 E of the Code, beginning May 3, 2010,[4] and continuing on May 1 of every year thereafter during the term of the Company's CARE Plan. In particular, we direct VNG to file results of the RIM and TRC tests for each program. In accordance with § 56-602 E of the Code, this report must 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." This report shall also include: (i) the findings and recommendations of the Energy Conservation and Efficiency Advisory Group; (ii) cost/benefit analyses of the conservation and energy efficiency programs;[5] (iii) program participation rates; (iv) an effectiveness test comparing the program results to a non-participating control group; and (v) expected program benefits for the next program year.

The annual reports required herein will provide important information to the Commission concerning whether the Plan programs are cost effective and warrant continuation or whether they should be modified or discontinued. Indeed, any subsequent request from VNG to amend or extend its CARE Plan shall incorporate the results from these annual reports.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-602 B of the Code and in accordance with the findings made herein, VNG's Application to amend its CARE Plan is hereby denied.

(2) In accordance with § 56-602 E of the Code and the findings made herein, beginning May 3, 2010, and continuing thereafter on every May 1 for the term of VNG's CARE Plan, VNG shall file an annual report with the Clerk of the Commission in this docket.

(3) There being nothing further to be done herein, this case shall be dismissed from the Commission's docket of active proceedings, and the papers filed herein shall be placed in the Commission's file for ended causes.

[4] VNG's CARE Plan has been in effect since January 1, 2009, and will remain in effect through December 31, 2011. Thus, the May 3, 2010 Report will be the first such report filed by the Company under § 56-602 E of the Code. May 3, 2010, has been selected as the date for the filing of the first report because May 1, 2010, falls on a Saturday, and Monday, May 3, 2010, is the first day the Commission will be open to conduct business following May 1, 2010.

[5] The cost benefit analyses for VNG's report to be filed May 3, 2010, shall be based upon the actual cost of gas for VNG from the Company's most recent purchased gas adjustment filings and shall also include separate cost/benefit analyses that reflect the effect of the amendments to the CARE Plan approved by the Commission in Case No. PUE-2009-00070. VNG's annual report for the respective CARE Plan years ending 2010 and 2011 shall be based upon the actual cost of gas from the Company's most recent purchased gas adjustment filings and shall include the effects of any plan amendments that are subsequently approved by the Commission.

CASE NO. PUE-2009-00139
JULY 23, 2010

APPLICATION OF
VIRGINIA NATURAL GAS, INC.

For Authority to Amend its Conservation and Ratemaking Efficiency Plan

ORDER APPROVING MODIFICATIONS AND AMENDED APPLICATION

On December 17, 2009, Virginia Natural Gas, Inc. ("VNG" or the "Company"), by counsel, filed an application with the State Corporation Commission ("Commission") to modify its three-year Conservation and Ratemaking Efficiency Plan ("CARE Plan" or the "Plan") approved in Case No. PUE-2008-00060[1] for the second and third year of the Plan ("Application"). The modifications to the CARE Plan set out in the Company's Application included: (i) expansion of the eligibility for low-income weatherization programs to seventy-five percent of the median income up from 175% of the poverty level, as authorized in the Plan approved in Case No. PUE-2008-00060, so as to match the eligibility requirements now being used by VNG's partner agencies, the Southeastern Tidewater Opportunity Project and the Williamsburg/James City County Community Action Network, as a result of their receipt of funds pursuant to the American Recovery and Reinvestment Act of 2009 (the "Stimulus Act"); (ii) authority to shift the program's eligibility requirements to match the partner agencies' eligibility requirements should these requirements change in the future; (iii) authority to shift allocated dollars from the low-income weatherization program to the space heating (high-efficiency furnace) program; (iv) authority to align the rebate for a programmable thermostat of the customer's choice with the free programmable thermostat program and to maximize the seasonal checkup program as approved in the December 23, 2008 Order; (v) authority to increase the rebate amount for the seasonal checkup program from Twenty-five Dollars ($25) to Fifty Dollars ($50) each;

[1] *Application of Virginia Natural Gas, Inc., For approval to implement a natural gas conservation and ratemaking efficiency plan including a decoupling mechanism and to record accounting entries associated with such mechanism*, Case No. PUE-2008-00060, 2008 S.C.C. Ann. Rept. 566, Order Approving Natural Gas Conservation and Ratemaking Efficiency Plan (Dec. 23, 2008) ("December 23, 2008 Order").

(vi) expansion of participation in the space heating (high-efficiency furnace) rebate, tankless water heater rebate, and tank-style water heater rebate programs; (vii) authority to shift dollars from the low-income weatherization, programmable thermostat and seasonal checkup programs to the space heating (high-efficiency furnace) rebate, tankless water heater rebate, and tank-style water heater rebate programs for the remainder of years two (2) and three (3) of the Plan and to increase participation further by accepting federal stimulus dollars to fund additional rebates for these three (3) programs upon distribution of those funds by the Virginia Department of Mines, Minerals and Energy; (viii) authorization to reallocate up to one-third of the budgeted funds for each program or measure to another program or measure within a CARE Plan year without prior approval from the Commission; (ix) authorization to carry over into the following program year any unused budgeted funds for a program or measure to the same program or measure for the following program years;[2] unused administrative costs in any program or measure would also be carried over to the following year; and (x) authorization to allocate Stimulus Act funds among eligible conservation and energy efficiency programs and measures in any manner that is consistent with funding guidelines applicable to such Stimulus Act funds in order to maximize the availability and utilization of such funds.

On January 25, 2010, the Commission entered its Order for Notice and Comment ("Order"). Among other things, the Order directed VNG to publish notice of its Application throughout the Company's service territory in Virginia and serve a copy of the Order on local governmental officials in the Company's service territory. The Order also invited interested persons and the Commission Staff to file, on or before March 11, 2010, written comments on the issues presented in the case and directed the Company to file, on or before March 25, 2010, any response to the comments filed in the proceeding.

On February 26, 2010, VNG, by counsel, filed proof of the notice and service required by Ordering Paragraphs (2) and (3) of the Order.

Comments were filed by the Office of the Attorney General and Diane Ribble on March 11, 2010. Also on March 11, 2010, the Commission Staff filed a letter advising that it was not filing comments in the proceeding.

On March 16, 2010, VNG filed its Reply Comments.

On April 14, 2010, the Commission entered its Final Order[3] in this matter, in which it denied VNG's application as filed. In its Final Order the Commission made the following findings:

> First, we 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. To address this issue, we find that the following modifications to VNG's proposed CARE Plan amendments would need to be made: (1) shift no funds from the low-income weatherization program to the space heating program; (2) shift one-half of VNG's proposed $579,852 from the programmable thermostat program to the space heating program, with the remaining one-half of such funds not to be expended (which results in cost savings to the larger body of customers); (3) shift one-half of VNG's proposed $67,304 from the seasonal check-up program to the water heater programs, with the remaining one-half of such funds not to be expended (which results in cost savings to the larger body of customers); (4) limit VNG's authority to shift funds from a program – without Commission approval – to no more than 25% of that program's fund allocation; and (5) any funds not expended on the programs designated thereto during a CARE Plan year shall not be spent and shall serve to lower the overall expenditures of the CARE Plan.
>
> Accordingly, since § 56-602 B of the Code of Virginia requires the Commission either to 'approve or deny, within 120 days, a natural gas utility's application to amend a previously approved plan,' we deny VNG's Application to amend its CARE Plan as filed.
>
> Second, we note that the Company's Application did not include quantitative data concerning the cost effectiveness of these programs before and after the proposed amendments. We will require VNG to file in this docket with the Clerk of the Commission an annual report pursuant to § 56-602 E of the Code, beginning May 3, 2010, . . . and continuing on May 1 of every year thereafter during the term of the Company's CARE Plan. . . .
>
> The annual reports required herein will provide important information to the Commission concerning whether the Plan programs are cost effective and warrant continuation or whether they should be modified or discontinued. Indeed, any subsequent request from VNG to amend or extend its CARE Plan shall incorporate the results from these annual reports.[4]

On May 25, 2010, VNG filed "Virginia Natural Gas, Inc.'s Acceptance of Modifications and Amended Application" ("May 25, 2010 Filing"). On June 14, 2010, VNG requested leave to withdraw its May 25, 2010 Filing and filed in its place a revised version of its "Application to Accept Commission's Modifications and for Authority to Amend its Conservation and Ratemaking Efficiency Plan and Verifications of Virginia Natural Gas, Inc." (hereinafter "Compliance Filing"). In its Compliance Filing, VNG accepted the modifications to the CARE Plan set forth in the Commission's Final Order and affirmed that the Company's modifications to its CARE Plan set out in its Compliance Filing will: (1) shift no funds from the low-income weatherization program to the space heating program; (2) shift one-half of the proposed $579,852 from the programmable thermostat program to the space heating (high-efficiency natural gas furnace) program, with the remaining one-half of such funds not to be expended; (3) shift one-half of the proposed $67,304 from the seasonal check-up program to the high efficiency natural gas water heater programs, with the remaining one-half of such funds not to be expended; (4) limit VNG's

[2] According to the Company's Application, VNG proposed to advise the Commission Staff in advance of any such reallocation or carry-over of budgeted funds.

[3] *See Application of Virginia Natural Gas, Inc., For Authority to Amend its Conservation and Ratemaking Efficiency Plan*, Case No. PUE-2009-00139, Doc. Con. Cen. No. 428114, Final Order (April 14, 2010) (hereinafter "Final Order").

[4] *Id.*, Final Order at 6-8 (footnotes omitted).

authority to shift funds from a program without prior Commission approval to no more than 25% of that program's fund allocation; and (5) retain any funds not expended in the programs designated thereto during a CARE Plan year in order to lower overall expenditures of the CARE Plan.

NOW THE COMMISSION, upon consideration of VNG's Compliance Filing, and having been advised by its Staff, is of the opinion and finds that VNG should be permitted to substitute its Compliance Filing for the May 25, 2010 Filing and to implement the proposals set forth in its Compliance Filing, effective as of the date of this Order.

In this regard, we note that § 56-602 B of the Code of Virginia grants a utility like VNG "the right to refile, without prejudice, an amended plan or amendment within 60 days" of a denial of a plan or amendment by the Commission. Thereafter, the Commission has "60 days to approve or deny the amended plan or amendment." VNG's Compliance Filing represents VNG's 60-day filing made after the denial of its initial application to amend its CARE Plan. After a review of VNG's Compliance Filing, we find that it complies with the findings and requirements in the Final Order. We recognize that many of VNG's CARE Plan programs include amendments thereto that have not been implemented for a full twelve months. We will, therefore, continue to review the cost/benefit analyses associated with these programs to consider whether the programs remain cost-effective during the term of VNG's Plan and to determine whether the programs should be continued in the event the Company files to amend or extend its CARE Plan further.

Accordingly, IT IS ORDERED THAT the amendments to VNG's CARE Plan set forth in its June 14, 2010 Compliance Filing are hereby approved, effective as of the date of this Order.

CASE NO. PUE-2009-00141
JANUARY 28, 2010

APPLICATION OF
RAPPAHANNOCK ELECTRIC COOPERATIVE

For approval of the amount and form of security for payment

ORDER

On December 17, 2009, Rappahannock Electric Cooperative ("Rappahannock" or "Cooperative") filed with the State Corporation Commission ("Commission") its Application for approval of a Security Deposit pursuant to Rappahannock Electric Cooperative's Schedule LP-2 ("Application"). As Rappahannock explained in its Application, its tariff provision for Closed Heavy Industrial Service, Schedule LP-2, provides, in part, that "[t]he Customer shall post with the Cooperative a security bond, letter of credit or other security in an amount and form acceptable to and approved by the State Corporation Commission which security deposit shall be used to secure payment to the Cooperative of all obligations of the Customer."[1]

In accordance with this tariff provision, the Cooperative now seeks Commission approval of the Financial Security Agreement for Customers Utilizing Schedule LP-2 attached to the Application as Exhibit B.

The Commission has broad jurisdiction over the terms and conditions of service provided by utility consumer services cooperatives such as Rappahannock.[2] We have exercised our jurisdiction to adopt standards for security deposits held by utilities subject to our jurisdiction.[3]

According to Rappahannock, Bear Island Paper Company, L.P., is the only customer that takes service under Schedule LP-2. Bear Island Paper Company is owned by White Birch Paper Company ("White Birch").[4] Rappahannock and White Birch have mutually agreed to the terms of the agreement attached to the Application as Exhibit B.[5]

Upon consideration of the Application, the Commission finds that the Financial Security Agreement for Customers Utilizing Schedule LP-2 attached to the Application as Exhibit B should be approved in accordance with the Cooperative's Closed Heavy Industrial Service, Schedule LP-2, received by the Commission's Division of Energy Regulation on October 14, 2009, and effective on and after November 1, 2009.

ACCORDINGLY, IT IS ORDERED THAT:

(1) As provided by § 56-35, Chapter 9.1 (§ 56-231.15 *et seq.*), Chapter 10 (§ 56-232 *et seq.*), and related provisions of Title 56 of the Code, this matter be docketed as Case No. PUE-2009-00141 and that all associated papers be filed therein.

(2) The Financial Security Agreement for Customers Utilizing Schedule LP-2 attached to the Application as Exhibit B is approved.

(3) Case No. PUE-2009-00141 is dismissed from the Commission's docket and placed in closed status in the records of the Clerk of the Commission.

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[1] Application at 2.

[2] Sections 56-35, 56-231.34 of the Code of Virginia ("Code").

[3] Rule governing utility customer deposit requirements, 20 VAC 5-10-20.

[4] Application at 2.

[5] *Id.* at 2-3 and Application Exhibit B.

CASE NO. PUE-2009-00142
JANUARY 11, 2010

APPLICATION OF
ATMOS ENERGY CORPORATION

For authority to issue common stock

ORDER GRANTING AUTHORITY

On December 18, 2009, Atmos Energy Corporation ("Atmos" or "Applicant") filed an application with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia requesting authority to issue additional shares of common stock through the Atmos Energy Corporation Retirement Savings Plan and Trust ("RSP"). 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, formerly known as the Employee Stock Ownership Plan and Trust. Under the RSP, Atmos will match every dollar invested by an employee in the RSP up to a maximum of 4% 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 Applicant.

Applicant indicates that funds from the stock issuances will be used for general corporate purposes related to the provision of natural gas services. Applicant also asserts that the issuance of shares under the RSP will ultimately strengthen Atmos' equity ratio, will provide financing flexibility, and may lower its cost of capital.

NOW THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

(1) Applicant is hereby authorized to 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 set forth in the application.

(2) There being nothing further to be done, this matter is hereby closed.

CASE NO. PUE-2010-00001
APRIL 5, 2010

APPLICATION OF
VIRGINIA-AMERICAN WATER COMPANY

For a general increase in rates

ORDER FOR NOTICE AND HEARING

On March 16, 2010, Virginia-American Water Company ("Virginia-American" or "Company") completed an application with the State Corporation Commission ("Commission") for a general increase in rates. According to its application, Virginia-American has applied for a general increase in rates in accordance with Article 2 (§ 56-234 *et seq.*) of Title 56 of the Code of Virginia ("Code") and the provisions for rate increases set forth in the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings, 20 VAC 5-201-10 *et seq*. The Company seeks a rate increase that would produce additional annual jurisdictional revenues of $6,875,954, representing an overall revenue increase of approximately 22.4% on test year revenues. The increase in metered rates is divided between the Alexandria District - $2,017,023; the Hopewell District - $3,048,350; and the Prince William District - $1,810,581. The rate schedules furnished by the Company in Filing Schedule 41 of its application reflect an effective date of April 8, 2010, but the application anticipates that the Commission will suspend the rates for 150 days from the date of filing. The application was not deemed to be complete until March 16, 2010. Therefore, the suspension of such rates runs until August 13, 2010.

NOW THE COMMISSION, having considered the application with accompanying schedules, testimony, and exhibits, finds that this application for a general increase in rates should be docketed and that, as required by §§ 56-237 and 56-237.1 of the Code, notice of the application should be given. The Commission further finds that a public hearing on the proposed revised rates and charges should be held. We will assign a Hearing Examiner to conduct the hearing and to file a report with the Commission. We will also direct the Commission Staff to investigate the application and present its findings at the hearing. The Commission will provide an opportunity for participation and representation of persons affected by the proposed changes in rates and charges.

Pursuant to §§ 56-237 and 56-240 of the Code, we will permit the Company to place its proposed rates into effect, subject to refund, on August 13, 2010. The proposed rates and charges shall take effect subject to the power of the Commission to fix and to substitute just and reasonable rates and to order the utility to make refunds or give credits. Although § 56-240 of the Code does not expressly provide for interest on any refund ordered, we have interpreted this and other provisions of Title 56 of the Code to empower the Commission to require a utility to pay interest on any refund.[1]

[1] *Commonwealth Public Service Corp*., Case No. PUE-1994-00076, 1994 Ann. Rept. 424.

Accordingly, IT IS ORDERED THAT:

(1) Virginia-American's application shall be docketed as Case No. PUE-2010-00001, and all associated papers shall be filed in that docket.

(2) As provided by §§ 56-237 and 56-240 of the Code, Virginia-American's proposed increase in rates and charges may take effect on August 13, 2010, 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.

(3) Within seven (7) days of the date of entry of this Order, the Company shall file with the Commission's Division of Energy Regulation appropriate replacement tariff sheets showing all proposed changes for all schedules and terms and conditions permitted to take effect as provided by Ordering Paragraph (2) above. The following caption shall appear at the foot of each sheet showing any change: "Effective August 13, 2010, subject to investigation and modification by the Virginia State Corporation Commission in Case No. PUE-2010-00001."

(4) A public hearing shall be held at 10:00 a.m. on September 21, 2010, in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, to receive evidence on the application for a general increase in rates.

(5) As provided by § 12.1-31 of the Code and Rule 5 VAC 5-20-120 of the Commission's Rules of Practice and Procedure ("Rules of Practice"), *Procedure before hearing examiners*, a Hearing Examiner shall be appointed to conduct all further proceedings in this matter on behalf of the Commission and to file a final report.

(6) Virginia-American's application and accompanying materials may be viewed between the hours of 8:15 a.m. and 5:00 p.m. at the Commission's Document Control Center, First Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia. Interested persons may also access unofficial copies of the application through the Commission's Docket Search portal at http://www.scc.virginia.gov/case. A copy of the application and accompanying materials may also be obtained, at no cost, by making a request in writing to counsel for the Company, Richard D. Gary, Esquire, and Charlotte P. McAfee, Esquire, Hunton & Williams LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074. The Company shall make a copy available on an electronic basis upon request.

(7) On or before April 30, 2010, Virginia-American may file with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, an original and fifteen (15) copies of any additional testimony and exhibits by which it expects to establish its case.

(8) On or before May 21, 2010, any person who expects to participate as a respondent in this proceeding shall file with the Clerk of the Commission at the address set out in Ordering Paragraph (7) an original and fifteen (15) copies of a notice of participation as a respondent, as required by Rule of Practice 5 VAC 5-20-80 B, *Participation as a respondent*, and shall serve a copy on counsel to Virginia-American, Richard D. Gary, Esquire, and Charlotte P. McAfee, Esquire, Hunton & Williams LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074, and on the Commission's Office of General Counsel, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218-1197. The notice of participation shall be filed and served as required by Rules of Practice 5 VAC 5-20-140, *Filing and service*, and 5 VAC 5-20-150, *Copies and format*. Any organization, corporation, or government entity participating as a respondent must be represented by counsel as required by Rule of Practice 5 VAC 5-20-30, *Counsel*.

(9) Within five (5) business days of receipt of a notice of participation as a respondent, Virginia-American shall serve upon each respondent a copy of this Order, a copy of the application, and all materials filed with the Commission, unless these materials have already been provided to the respondent.

(10) On or before July 28, 2010, each respondent shall file with the Clerk of the Commission an original and fifteen (15) copies of the testimony and exhibits by which it expects to establish its case and shall serve a copy of the testimony and exhibits on counsel to Virginia-American and on all other parties. Respondents shall comply with Rules of Practice 5 VAC 5-20-140, *Filing and service*, 5 VAC 5-20-150, *Copies and format*, and 5 VAC 5-20-240, *Prepared testimony and exhibits*.

(11) Interested persons may file written comments on the application with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Comments should refer to Case No. PUE-2010-00001 and should be filed by September 15, 2010. Those desiring to submit comments electronically may do so by following the instructions available at the Commission's website: http://www.scc.virginia.gov/case.

(12) The Commission Staff shall investigate the application and, on or before August 24, 2010, shall file with the Clerk of the Commission the testimony and exhibits that it intends to present at the hearing and copies of any workpapers that support the recommendations made in its testimony. Copies of the testimony and exhibits shall be served on all parties.

(13) On or before September 7, 2010, Virginia-American may file with the Clerk of the Commission an original and fifteen (15) copies of all testimony and exhibits that it expects to offer in rebuttal to testimony and exhibits of the respondents and the Commission Staff and shall serve one (1) copy on all parties.

(14) Rule of Practice 5 VAC 5-20-260, *Interrogatories to parties or requests for production of documents and things*, shall be modified for this proceeding as follows: (i) answers and objections shall be served within twelve (12) days after receipt of interrogatories, counting weekends and holidays; (ii) motions on the validity of any objections raised shall be filed within four (4) business days of receipt of the objection; and (iii) answers, objections, and motions on the validity of objections shall be served by 3:00 p.m. on the date due unless the Staff or party upon whom service must be made agrees in advance to other arrangements.

(15) On or before April 16, 2010, 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 first class mail to the customary place of business or residence of the person served.

(16) On or before April 16, 2010, Virginia-American shall make available for inspection copies of the application and this Order at the following offices:

Virginia-American Water Company
2223 Duke Street
Alexandria, Virginia
(Alexandria and Prince William Districts)

Virginia-American Water Company
900 Industrial Street
Hopewell, Virginia
(Hopewell District)

(17) Virginia-American shall publish as display advertising the following notice once a week for two (2) consecutive weeks in a newspaper of general circulation in its Alexandria District. Publication shall be completed by April 30, 2010.

NOTICE TO CUSTOMERS OF
VIRGINIA-AMERICAN WATER COMPANY
OF A GENERAL INCREASE IN RATES
FOR THE ALEXANDRIA DISTRICT
CASE NO. PUE-2010-00001

Virginia-American Water Company ("Virginia-American" or "Company") has filed with the State Corporation Commission ("Commission") an application for a general increase in rates. The application has been docketed as Case No. PUE-2010-00001. The Company is seeking additional annual jurisdictional revenues of $6,875,954. Of the total increase, $2,017,023 in additional annual revenues would be allocated to the Alexandria District. Additional annual revenues of $3,048,350 would be allocated to the Hopewell District and $1,810,581 to the Prince William District.

The proposed rates for the Alexandria District follow:

RATE:

	Gallons Per Month	Quarter	Rate Per 1,000 Gallons
For the first	2,000	6,000	(minimum charge)
For all over	2,000	6,000	$1.9113

MINIMUM CHARGE:

No bill will be rendered for less than the minimum charges set forth below:

Size of Meter	Minimum Charge Per Month	Per Quarter
5/8 inch	$11.51	$34.53
3/4 inch	17.30	51.90
1 inch	28.79	86.37
1½ inch	57.58	172.74
2 inch	92.12	276.36
3 inch	172.79	518.37
4 inch	288.00	864.00
6 inch	576.01	1,728.03
8 inch	921.58	2,764.74

While the total revenue that may be approved by the Commission is limited to the amount produced by the Company's proposed rates, TAKE NOTICE that the individual rates and charges approved may be either higher than or lower than those proposed by the Company.

The proposed rates and charges shall take effect for service rendered on and after August 13, 2010. The proposed rates and charges shall take effect subject to the power of the Commission to fix and to substitute just and reasonable rates and to order the utility to make refunds or give credits.

The application and related filings may be inspected in the Document Control Center, Office of the Clerk, First Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, between the hours of 8:15 a.m. and 5:00 p.m. on Commission business days. The application may also be inspected during regular business hours at Virginia-American Water Company, 2223 Duke Street, Alexandria, Virginia, and Virginia-American Water Company, 900 Industrial Street, Hopewell, Virginia. Interested persons may also 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 may also be obtained, at no cost, by making a request in writing to counsel for the Company, Richard D. Gary, Esquire, and Charlotte P. McAfee, Esquire, Hunton & Williams LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074. The Company shall make a copy available on an electronic basis upon request.

The State Corporation Commission has ordered its Staff to investigate the application and has established procedures for affected persons to participate or be represented in the proceeding. A hearing will be held on the application beginning at 10:00 a.m. on September 21, 2010, in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia. Individuals with disabilities who require an accommodation to participate in the hearing should contact the Commission at least seven (7) days before the scheduled hearing date at 1-800-552-7945 (voice) or 1-804-371-9206 (TDD).

Interested persons may file written comments on the application with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Comments should refer to Case No. PUE-2010-00001 and should be filed by September 15, 2010. Those desiring to submit comments electronically may do so by following the instructions available at the Commission's website: http://www.scc.virginia.gov/case.

Any interested person may participate as a public witness at the hearing on September 21, 2010. Interested persons should arrive at the Commission's Courtroom by 9:45 a.m. and inform the Commission's Bailiff that they wish to be a public witness.

On or before May 21, 2010, any person who expects to present evidence, to cross-examine witnesses, and to otherwise participate as a respondent in this proceeding, as provided by Rule 5 VAC 5-20-80 B of the State Corporation Commission's Rules of Practice and Procedure ("Rules of Practice"), *Participation as a respondent*, shall file with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, an original and fifteen (15) copies of a notice of participation as a respondent. Copies shall be served on counsel to Virginia-American, Richard D. Gary, Esquire, and Charlotte P. McAfee, Esquire, Hunton & Williams LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074, and on the Commission's Office of General Counsel, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23219-1197. The notice of participation shall be filed and served as required by Rules of Practice 5 VAC 5-20-140, *Filing and service*, and 5 VAC 5-20-150, *Copies and format*. As required by Rule of Practice 5 VAC 5-20-30, *Counsel*, any organization, corporation, or government entity participating as a respondent must be represented by counsel.

The unofficial text of the State Corporation Commission's orders in Case No. PUE-2010-00001 may be viewed at http://www.scc.virginia.gov/case. The Commission's Rules of Practice and other information may be viewed at http://www.scc.virginia.gov.

VIRGINIA-AMERICAN WATER COMPANY

(18) Virginia-American shall publish as display advertising the following notice once a week for two (2) consecutive weeks in a newspaper of general circulation in its Hopewell District. Publication shall be completed by April 30, 2010.

NOTICE TO CUSTOMERS OF
VIRGINIA-AMERICAN WATER COMPANY
OF A GENERAL INCREASE IN RATES
FOR THE HOPEWELL DISTRICT
CASE NO. PUE-2010-00001

Virginia-American Water Company ("Virginia-American" or "Company") has filed with the State Corporation Commission ("Commission") an application for a general increase in rates. The application has been docketed as Case No. PUE-2010-00001. The Company is seeking additional annual jurisdictional revenues of $6,875,954. Of the total increase, $3,048,350 in additional annual revenues would be allocated to the Hopewell District. Additional annual revenues of $2,017,023 would be allocated to the Alexandria District and $1,810,581 to the Prince William District.

The proposed rates for potable water in the Hopewell District follow:

RATE:

	Cubic Feet		Rate Per
	Month	Quarter	100 Cubic Feet
For the first	300	900	(minimum charge)
For the next	1,700	5,100	$4.6682
For the next	298,000	894,000	3.9130
For the next	700,000	2,100,000	2.3514
For the next	5,000,000	15,000,000	.9405
For all over	6,000,000	18,000,000	1.2999

MINIMUM CHARGE:

No bill will be rendered for less than the minimum charges set forth below:

Size of Meter	Minimum Charge Per Month	Per Quarter
5/8 inch	$16.25	$48.75
3/4 inch	24.37	73.11
1 inch	40.49	121.47
1½ inch	81.11	243.33
2 inch	129.86	389.58
3 inch	243.07	729.21
4 inch	404.89	1,214.67
6 inch	811.11	2,433.33
8 inch	1,297.25	3,891.75
10 inch	1,756.75	5,270.25
12 inch	3,492.18	10,476.54

While the total revenue that may be approved by the Commission is limited to the amount produced by the Company's proposed rates, TAKE NOTICE that the individual rates and charges approved may be either higher than or lower than those proposed by the Company.

The proposed rates and charges shall take effect for service rendered on and after August 13, 2010. The proposed rates and charges shall take effect subject to the power of the Commission to fix and to substitute just and reasonable rates and to order the utility to make refunds or give credits.

The application and related filings may be inspected in the Document Control Center, Office of the Clerk, First Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, between the hours of 8:15 a.m. and 5:00 p.m. on Commission business days. The application may also be inspected during regular business hours at Virginia-American Water Company, 2223 Duke Street, Alexandria, Virginia, and Virginia-American Water Company, 900 Industrial Street, Hopewell, Virginia. Interested persons may also 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 may also be obtained, at no cost, by making a request in writing to counsel for the Company, Richard D. Gary, Esquire, and Charlotte P. McAfee, Esquire, Hunton & Williams LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074. The Company shall make a copy available on an electronic basis upon request.

The State Corporation Commission has ordered its Staff to investigate the application and has established procedures for affected persons to participate or be represented in the proceeding. A hearing will be held on the application beginning at 10:00 a.m. on September 21, 2010, in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia. Individuals with disabilities who require an accommodation to participate in the hearing should contact the Commission at least seven (7) days before the scheduled hearing date at 1-800-552-7945 (voice) or 1-804-371-9206 (TDD).

Interested persons may file written comments on the application with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Comments should refer to Case No. PUE-2010-00001 and should be filed by September 15, 2010. Those desiring to submit comments electronically may do so by following the instructions available at the Commission's website: http://www.scc.virginia.gov/case.

Any interested person may participate as a public witness at the hearing on September 21, 2010. Interested persons should arrive at the Commission's Courtroom by 9:45 a.m. and inform the Commission's Bailiff that they wish to be a public witness.

On or before May 21, 2010, any person who expects to present evidence, to cross-examine witnesses, and to otherwise participate as a respondent in this proceeding, as provided by Rule 5 VAC 5-20-80 B of the State Corporation Commission's Rules of Practice and Procedure ("Rules of Practice"), *Participation as a respondent*, shall file with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, an original and fifteen (15) copies of a notice of participation as a respondent. Copies shall be served on counsel to Virginia-American, Richard D. Gary, Esquire, and Charlotte P. McAfee, Esquire, Hunton & Williams LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074, and on the Commission's Office of General Counsel, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23219-1197. The notice of participation shall be filed and served as required by Rules of Practice 5 VAC 5-20-140, *Filing and service*, and 5 VAC 5-20-150, *Copies and format*. As required by Rule of Practice 5 VAC 5-20-30, *Counsel*, any organization, corporation, or government entity participating as a respondent must be represented by counsel.

The unofficial text of the State Corporation Commission's orders in Case No. PUE-2010-00001 may be viewed at http://www.scc.virginia.gov/case. The Commission's Rules of Practice and other information may be viewed at http://www.scc.virginia.gov.

VIRGINIA-AMERICAN WATER COMPANY

(19) Virginia-American shall publish as display advertising the following notice once a week for two (2) consecutive weeks in a newspaper of general circulation in its Prince William District. Publication shall be completed by April 30, 2010.

NOTICE TO CUSTOMERS OF
VIRGINIA-AMERICAN WATER COMPANY
OF A GENERAL INCREASE IN RATES
FOR THE PRINCE WILLIAM DISTRICT
CASE NO. PUE-2010-00001

Virginia-American Water Company ("Virginia-American" or "Company") has filed with the Virginia State Corporation Commission ("Commission") an application for a general increase in rates. The application has been docketed as Case No. PUE-2010-00001. The Company is seeking additional annual jurisdictional revenues of $6,875,954. Of the total increase, $1,810,581 in additional annual revenues would be allocated to the Prince William District. Additional annual revenues of $2,017,023 would be allocated to the Alexandria District and $3,048,350 to the Hopewell District.

The proposed rates for the Prince William District follow:

RATE:

	Gallons Per		Rate Per
	Month	Quarter	1000 Gallons
For the first	2,000	6,000	(minimum charge)
For all over	2,000	6,000	$4.9101

MINIMUM CHARGE:

No bill will be rendered for less than the minimum charges set forth below:

	Minimum Charge	
Size of Meter	Per Month	Per Quarter
5/8 inch	$11.52	$34.56
3/4 inch	17.27	51.81
1 inch	28.78	86.34
1½ inch	57.55	172.65
2 inch	92.09	276.27
3 inch	172.85	517.95
4 inch	287.77	863.31
6 inch	572.52	1,726.56
8 inch	920.84	2,762.52

While the total revenue that may be approved by the Commission is limited to the amount produced by the Company's proposed rates, TAKE NOTICE that the individual rates and charges approved may be either higher than or lower than those proposed by the Company.

The proposed rates and charges shall take effect for service rendered on and after August 13, 2010. The proposed rates and charges shall take effect subject to the power of the Commission to fix and to substitute just and reasonable rates and to order the utility to make refunds or give credits.

The application and related filings may be inspected in the Document Control Center, Office of the Clerk, First Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, between the hours of 8:15 a.m. and 5:00 p.m. on Commission business days. The application may also be inspected during regular business hours at Virginia-American Water Company, 2223 Duke Street, Alexandria, Virginia, and Virginia-American Water Company, 900 Industrial Street, Hopewell, Virginia. Interested persons may also 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 may also be obtained, at no cost, by making a request in writing to counsel for the Company, Richard D. Gary, Esquire, and Charlotte P. McAfee, Esquire, Hunton & Williams LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074. The Company shall make a copy available on an electronic basis upon request.

The State Corporation Commission has ordered its Staff to investigate the application and has established procedures for affected persons to participate or be represented in the proceeding. A hearing will be held on the application beginning at 10:00 a.m. on September 21, 2010, in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia. Individuals with disabilities who require an accommodation to participate in the hearing should contact the Commission at least seven (7) days before the scheduled hearing date at 1-800-552-7945 (voice) or 1-804-371-9206 (TDD).

Interested persons may file written comments on the application with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Comments should refer to Case No. PUE-2010-00001 and should be filed by September 15, 2010. Those

desiring to submit comments electronically may do so by following the instructions available at the Commission's website: http://www.scc.virginia.gov/case.

Any interested person may participate as a public witness at the hearing on September 21, 2010. Interested persons should arrive at the Commission's Courtroom by 9:45 a.m. and inform the Commission's Bailiff that they wish to be a public witness.

On or before May 21, 2010, any person who expects to present evidence, to cross-examine witnesses, and to otherwise participate as a respondent in this proceeding, as provided by Rule 5 VAC 5-20-80 B of the State Corporation Commission's Rules of Practice and Procedure ("Rules of Practice"), *Participation as a respondent*, shall file with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, an original and fifteen (15) copies of a notice of participation as a respondent. Copies shall be served on counsel to Virginia-American, Richard D. Gary, Esquire, and Charlotte P. McAfee, Esquire, Hunton & Williams LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074, and on the Commission's Office of General Counsel, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23219-1197. The notice of participation shall be filed and served as required by Rules of Practice 5 VAC 5-20-140, *Filing and service*, and 5 VAC 5-20-150, *Copies and format*. As required by Rule of Practice 5 VAC 5-20-30, *Counsel*, any organization, corporation, or government entity participating as a respondent must be represented by counsel.

The unofficial text of the State Corporation Commission's orders in Case No. PUE-2010-00001 may be viewed at http://www.scc.virginia.gov/case. The Commission's Rules of Practice and other information may be viewed at http://www.scc.virginia.gov.

VIRGINIA-AMERICAN WATER COMPANY

(20) Virginia-American shall include once as a bill insert for customers in the Alexandria, Hopewell, and Prince William Districts the text of the public notice prescribed for each district in Ordering Paragraphs (17), (18), and (19). In addition, the Company shall furnish direct mail notice to its industrial customers in the Hopewell District that purchase non-potable water, advising those customers of the proposed rate increases reflected on pages 4 and 5 of Schedule 41. The Company shall commence as soon as practicable to include the bill insert and to mail the industrial notice and shall continue until all customers have received these notices.

(21) On or before May 14, 2010, Virginia-American shall file with the Clerk of the Commission proof of the posting, mailing, and publication required by Ordering Paragraphs (15), (17), (18), (19), and (20).

CASE NO. PUE-2010-00002
APRIL 7, 2010

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
NORTHERN NECK ELECTRIC COOPERATIVE,
Defendant

ORDER ON RULE TO SHOW CAUSE

On January 7, 2010, Northern Neck Electric Cooperative ("NNEC" or "Cooperative"), by counsel, submitted a letter ("Letter") to William F. Stephens, Director of the Division of Energy Regulation of the State Corporation Commission ("Commission") that stated as follows:

> On behalf of [NNEC], we are hereby submitting copies of NNEC's revised rate schedules reflecting an across-the-board five percent (5%) increase in all classes of the Cooperative's rates for distribution services to be effective on and after February 1, 2010, pursuant to § 56-585.3 A 2 of the Code of Virginia [('Code')], and pursuant to an affirmative resolution of the Cooperative's board of directors ('Resolution'). Also submitted herewith is a copy of the Resolution.[1]

The Letter asserts, among other things, that: (1) "[§] 56-585.3 A 2 of the Code states, in part, that '[e]ach cooperative may, without Commission approval . . . increase or decrease all classes of its rates for distribution services at any time;'" (2) "the General Assembly also . . . stat[ed] that 'such adjustments will not effect a cumulative net increase or decrease in excess of 5 percent in such rates in any 3 year period;'" (3) "NNEC sought and received Commission approval of a 6.04 percent increase in base rates, effective January 1, 2009, in Case No. PUE-2008-00076;" and (4) "the timing and the amount of the Commission-approved rate increase [in Case No. PUE-2008-00076] has no bearing on when and in what relative amount NNEC may institute a board-approved rate adjustment."[2]

[1] Letter at 1.

[2] *Id.* at 1-3.

In this regard, § 56-585.3 A 2 of the Code provides as follows:

> Each cooperative may, without Commission approval or the requirement of any filing other than as provided in this subdivision, upon an affirmative resolution of its board of directors, increase or decrease all classes of its rates for distribution services at any time, provided, however, that such adjustments will not effect a cumulative net increase or decrease in excess of 5 percent in such rates in any three year period. Such adjustments will not affect or be limited by any existing fuel or wholesale power cost adjustment provisions. The cooperative will promptly file any such revised rates with the Commission for informational purposes; . . . .

On January 13, 2010, the Commission issued a Rule to Show Cause that directed NNEC to show cause why its across-the-board five percent increase in all classes of the Cooperative's rates for distribution services to be effective on and after February 1, 2010 "does not 'effect a cumulative net increase or decrease in excess of 5 percent in such rates in any three year period' in violation of § 56-585.3 A 2 of the Code."

On February 1, 2010, the Commission's Staff ("Staff") filed a Statement of Position. The Staff concluded as follows:

> Virginia Code § 56-585.3 A 2 does not allow Virginia jurisdictional distribution electric cooperatives to unilaterally increase distribution rates without regard to the timing or magnitude of any prior Commission-approved distribution rate increase(s). Accordingly, the Commission should enjoin [NNEC] from implementing its planned increase at this time.[3]

On February 19, 2010, the Cooperative filed an Answer, which asserted in part as follows:

> In NNEC's view, the words used in § 56-585.3 A 2 are clear, unambiguous, and susceptible to but one interpretation: a finding that the action the Cooperative has taken to increase its rates does not effect a cumulative net increase or decrease in excess of 5 percent in such rates in any three-year period or otherwise violate Va. Code § 56-585.3 A 2.[4]

In addition, "the Cooperative respectfully request[ed] the opportunity to present oral argument and to respond to questions from the Commissioners, on an expedited basis."[5]

On March 11, 2010, the Commission heard oral argument from NNEC and Staff.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that NNEC shall be enjoined at this time from implementing its across-the-board five percent (5%) increase in all classes of the Cooperative's rates for distribution services.

The Commission previously approved an increase in NNEC's electric rates, which became effective for service rendered on and after January 1, 2009.[6] This Commission-approved increase raised NNEC's rates for distribution services ("Commission-approved increase"). Specifically, Staff asserts that the Commission-approved increase raised such rates by 48%.[7] The Cooperative now proposes to implement an additional 5% increase in its current rates for distribution services pursuant to an affirmative resolution of NNEC's Board of Directors ("Board-approved increase"). The Cooperative agrees that if the Board-approved increase is implemented at this time, NNEC's rates for distribution services will have increased by more than 5% in a three-year period.[8]

We must determine whether, under these circumstances, the proposed Board-approved increase violates § 56-585.3 A 2 of the Code, which states as follows (emphasis added):

> Each cooperative may, without Commission approval or the requirement of any filing other than as provided in this subdivision, upon an affirmative resolution of its board of directors, increase or decrease all classes of its rates for distribution services at any time, *provided, however, that such adjustments will not effect a cumulative net increase or decrease in excess of 5 percent in such rates in any three year period*. Such adjustments will not affect or be limited by any existing fuel or wholesale power cost adjustment provisions. The cooperative will promptly file any such revised rates with the Commission for informational purposes; . . . .

Both NNEC and Staff assert that this statute is unambiguous.[9] We agree. We find that under the plain language of this statute, the Commission-approved increase is considered when determining the amount of the "cumulative net increase . . . in such rates." As a result, the proposed Board-approved increase will "effect a cumulative net increase . . . in excess of 5 percent in such rates in any three year period" – in violation of the above statute.

First, the term "such adjustments" in the statute refers to increases or decreases of NNEC's rates for distribution services that the Cooperative may make without Commission approval under § 56-585.3 A 2 of the Code. In this case, it is the proposed Board-approved increase of 5%.

[3] Staff's February 1, 2010 Statement of Position at 8.

[4] NNEC's February 19, 2010 Answer at 3.

[5] *Id.* at 2.

[6] *Application of Northern Neck Electric Cooperative, For a general increase in electric rates*, Case No. PUE-2008-00076, Final Order (Jan. 13, 2009).

[7] Tr. 27.

[8] *See, e.g.,* Tr. 27; NNEC's February 19, 2010 Answer at 10-11.

[9] *See* NNEC's February 19, 2010 Answer at 3; Staff's February 1, 2010 Statement of Position at 5; Tr. 24.

Next, NNEC may implement the Board-approved increase "provided, however, that such adjustments will not effect a cumulative net increase or decrease in excess of 5 percent in such rates in any three year period." The question in this case is the meaning of this limitation in the statute. According to NNEC, it means that the total of Board-approved increases over a three-year period cannot exceed 5%. The statute, however, is simply not phrased in that manner. Rather, the statute requires a determination of the increase effected by the Board's action. In this regard, if the proposed Board-approved increase is implemented, such adjustment will effect an increase of more than 5% in a three-year period in violation of the statute.

The Cooperative further explains its reading of the statute as follows: "If Mr. Roussy has 15 pounds of potatoes in his arms and I give him five more, I'm not causing him, I haven't caused him to carry 20 pounds. I've caused him to carry five pounds. That's the essence of the Cooperative's position."[10] This illustrates NNEC's position that the statute only prohibits Board-approved increases from totaling over 5% in three years – regardless of any Commission-approved increase that ratepayers may already be carrying. The statute is not so limited. The statute speaks to the result on ratepayers effected by the Board-approved increases, not simply to the total of such increases. In this instance, although the total of the proposed Board-approved increase does not exceed 5%, such adjustment effects an increase in rates for distribution services of greater than 5% within a three-year period in violation of the express language of the statute.

Finally, we note that the second sentence of the above statute explicitly excludes certain Commission-approved increases from the 5% limitation. Specifically, as quoted above, the statute provides as follows immediately after the 5% limitation: "Such adjustments will not affect or be limited by any existing fuel or wholesale power cost adjustment provisions." That is, in determining whether a Board-approved increase violates the 5% limitation, any existing fuel or wholesale power cost increases approved by the Commission shall not be considered. Accordingly, our finding herein is not applicable to any such Commission-approved fuel or wholesale power cost adjustments.

Accordingly, IT IS HEREBY ORDERED THAT:

(1) NNEC's proposed across-the-board five percent (5%) increase in all classes of the Cooperative's rates for distribution services "effect[s] a cumulative net increase or decrease in excess of 5 percent in such rates in any three year period" in violation of § 56-585.3 A 2 of the Code.

(2) NNEC is enjoined at this time from implementing its across-the-board five percent (5%) increase in all classes of the Cooperative's rates for distribution services.

(3) This case is dismissed.

[10] Tr. 19.

CASE NO. PUE-2010-00004
JULY 21, 2010

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval and certificates of public convenience and necessity for facilities in Arlington County: Glebe-Radnor Heights 230 kV Transmission Line; Davis-Radnor Heights 230 kV Transmission Line; Ballston-Radnor Heights 230 kV Transmission Line; and Radnor Heights Substation

FINAL ORDER

On February 9, 2010, 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 for Approval and Certification of Electric Facilities: Radnor Heights-Line #2036 Junction 230 kV Underground Transmission Lines, Ballston-Radnor Heights 230 kV Underground Transmission Line and 230-34.5 kV Radnor Heights Substation, Application No. 245 ("Application"). Prepared testimony, exhibits, copies of correspondence, and other material were attached to the Application and supplemental testimony was filed by the Company on February 22, 2010.

The Company proposes to construct two new 230 kV underground transmission lines by cutting into the existing 230 kV Glebe-Davis Line #2036 and extending each section approximately 2.6 miles from the junction to the proposed Radnor Heights Substation, which would be built on the northern portion of Joint Base Myer-Henderson Hall ("Fort Myer"). The Company also proposes to construct a new 230 kV underground transmission line from the existing Ballston Substation approximately 1.1 miles to the proposed Radnor Heights Substation. In addition to the proposed construction and operation of these facilities, the Company proposes their inclusion in the pilot program established by House Bill 1319 ("HB 1319"), which was enacted during the 2008 Session of the Virginia General Assembly for the placement of qualifying electric transmission lines of 230 kV or less in whole or in part underground.[1]

According to the Application, the proposed transmission lines and substation are required to assure reliable service to customers. Assuming that load growth continues in the Rosslyn-Ballston and Jefferson Davis corridors of Arlington County, the Company's studies indicate that violations of mandatory federal reliability standards may occur by the summer of 2012. In addition, the Application states that the project will improve service reliability.

The Application contains a wetlands consultation conducted by the Department of Environmental Quality's Office of Wetlands and Water Protection ("DEQ"). The DEQ concluded that the proposed project "does not appear to contain State Waters, including wetlands, and therefore a Virginia

[1] 2008 Va. Acts Chapt. 799.

Water Protection ("VWP") permit is not necessary for the project"[2] – a conclusion affirmed by the DEQ in a Wetlands Impact Consultation filed in this proceeding on March 4, 2010.

On March 17, 2010, the Commission issued an Order for Notice and Comment that docketed the Application as Case No. PUE-2010-00004; directed Dominion Virginia Power to provide public notice of the Application; invited interested persons to file written comments and/or requests for hearing on the Application by May 24, 2010; ordered the Commission Staff ("Staff") to review the Application and file a Staff Report summarizing the results of its investigation by June 7, 2010; and allowed Dominion Virginia Power to respond to the Staff Report and any public comments or requests for hearing on or before June 16, 2010.

On June 7, 2010, the Staff filed a Report summarizing the results of its investigation of the Application. The Staff Report found that the Company has reasonably demonstrated the need for the proposed project and that the proposed line routing is optimal.[3] Additionally, Staff stated that the project meets the explicit criteria of HB 1319 and does not object to its inclusion in the pilot program.[4] On June 16, 2010, Dominion Virginia Power filed comments stating that the Company agrees with and supports the findings and conclusions of the Staff Report.

On July 13, 2010, Dominion Virginia Power filed a resolution of the Board of Arlington County dated July 10, 2010, with certification by the Clerk of the County Board attached thereto. The resolution describes the proposed project and states that the County Board "finds it is in the public interest with general community support for the line to be placed underground in accordance with the requirements of Section 4.3 of the HB 1319 pilot program."

Dominion Virginia Power was directed to provide notice of the Commission's Order for Notice and Comment to the County of Arlington, where all construction for the proposed project would occur. Additionally, the Company was directed to provide public notice of the Application in newspapers that serve the affected area and to owners of property within the route of the proposed line. The Company filed proof of service and publication on March 24, 2010, and May 13, 2010, respectively. The Commission finds that notice of the Application was given as required by § 56-265.2 of the Code of Virginia ("Code"). In response to the notice, no interested person requested a hearing on the Application; no person filed comments; and no person file a notice of participation as a respondent.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the public convenience and necessity require that transmission lines and substation be built as proposed in the Company's Application and that certificates of public convenience 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 "[i]t 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 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 (i) shall consider the effect of the proposed facility on economic development within the Commonwealth and (ii) shall consider any improvements in service reliability that may result from the construction of such facility.

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."

Finally, for inclusion of a project in the pilot program established by HB 1319, the project must satisfy the following three criteria:

> 1. An engineering analysis demonstrates that it is technically feasible to place the proposed line, in whole or in part, underground;

[2] Application, DEQ Supplement at Attach. 2.D.

[3] Staff Report at 20.

[4] *Id.* at 8. Staff's conclusion that the project meets the explicit criteria of HB 1319 was conditioned on passage of a resolution by the Arlington County Board of Supervisors in support of the project. Such a resolution was passed following the filing of the Staff Report, as discussed herein.

> 2. The estimated additional cost of placing the proposed line, in whole or in part, underground does not exceed 2.5 times the cost of placing the same line overhead, assuming accepted industry standards for undergrounding to ensure safety and reliability…; and
>
> 3. The governing body of each locality in which a portion of the proposed line will be placed underground indicates, by resolution, general community support for the line to be placed underground.[5]

Need

According to the Application, the proposed project is required to assure reliable service to customers. Assuming that load growth continues in the Rosslyn-Ballston and Jefferson Davis corridors of Arlington County, the Company's studies indicate that violations of mandatory federal reliability standards may occur by the summer of 2012.[6] The Staff reviewed the Company's load flow studies and concluded that the load flow modeling and reliability needs presented by the Company to justify the new project are reasonable.[7] In addition to resolving the potential reliability violation, the Staff Report concludes that the proposed project would: (1) provide valuable bulk power reinforcement to a portion of the metropolitan Washington, D.C. area; (2) eliminate power disturbances at Fort Myer; and (3) provide a new source to serve anticipated load growth north of Fort Myer.[8]

Accordingly, the evidence in this case is undisputed that there is a need to construct the proposed transmission lines and substation in order to prevent violations of mandatory federal reliability standards that might otherwise occur by the summer of 2012. We therefore find that the Company has demonstrated a need to build the project as proposed in the Application.

Economic Development and Service Reliability

As discussed above, it is undisputed that the transmission line and substation project is necessary to maintain, and will enhance, system reliability. Based on the record, we find that construction of the proposed project will assure reliability and support development in Arlington County and the metropolitan Washington, D.C. area. The project will also provide additional tax revenue to Arlington County.[9]

Scenic Assets and Historic Districts

The area in which the transmission lines and substation are proposed to be constructed is a historically significant area, which includes several resources listed on the National Register of Historic Places and the Virginia Landmarks Register.[10] As indicated by the Company, placement of the proposed transmission lines underground will mitigate any visual impact to these resources. Additionally, Fort Meyer has initiated a review of the project in accordance with Section 106 of the National Historic Preservation Act of 1966, 16 U.S.C. § 470 *et seq.* ("NHPA"). Prior to construction, NHPA review will include consultation with Arlington County, the administration of Arlington National Cemetery, the Arlington Historical Society, and the National Park Service office in Philadelphia, and the Virginia Department of Historic Resources.[11]

Because much of the route will be on federal property, Dominion Virginia Power will be further required to satisfy a review under the National Environmental Policy Act of 1969, 42 U.S.C. § 4321 *et seq.* ("NEPA"). The Company lists twenty-two (22) local, state, and federal agencies expected to participate in the NEPA review process.[12] Following the preparation of a draft Environmental Assessment, these agencies and the public will have the opportunity to file comments, which will be incorporated and addressed in the final Environmental Assessment.[13] Additionally, the substation design is under review by Fort Myer, the National Capital Area Planning Commission, and the U.S. Commission of Fine Arts.[14]

Existing Right-of-Way

The Company has provided sufficient evidence that existing rights-of-way cannot adequately serve the system needs this project is designed to satisfy. The new lines will be predominately within road right-of-way belonging to the Virginia Department of Transportation or the County of Arlington or on federal properties.[15]

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[5] 2008 Va. Acts Chapt. 799, Enactment Clause 1, § 4.

[6] Appendix to Application at 2-4.

[7] Staff Report at 15.

[8] *Id.* at 15-17.

[9] *Id.* at 17.

[10] Direct Testimony of Elizabeth P. Harper at 9.

[11] Supplemental Testimony of Elizabeth P. Harper at 4. The Company indicates that archeological field work has begun as part of the coordinated NHPA review. *See* June 16, 2010 Comments of Dominion Virginia Power at 3.

[12] *Id.* at 3.

[13] *Id.* at 2-3.

[14] Direct Testimony of Elizabeth P. Harper at 11.

[15] *Id.* at 2-3; Appendix to Application at 39.

Environmental Impact

Sections 56-46.1 A and B of the Code require the Commission 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 facilities by state agencies concerned with environmental protection.

The record, which includes the DEQ Supplement prepared by the Company as part of the Application, supports findings that the Company's proposed route reasonably minimizes adverse environmental impact. In accordance with § 62.1-44.15:21 D 2 of the Code and the Department of Environmental Quality-State Corporation Commission Memorandum of Agreement Regarding Wetland Impacts Consultation, dated July 2003, the Staff requested that DEQ perform a Wetland Impacts Consultation for the project. As discussed above, the DEQ concluded that a VWP permit is not required for the project because it does not appear to contain State Waters, including wetlands. Additionally, a substantial portion of this project, including the proposed substation, along with its associated impact will be on federal properties subject to the NEPA compliance review in addition to a NHPA review, as discussed above.[16]

HB 1319 Pilot Project

We find that the project meets all criteria set forth in HB 1319: (1) the Company has demonstrated that it is technically feasible to construct the proposed 230 kV transmission lines underground; (2) the cost of installing the proposed lines underground is less than 2.5 times the cost of installing overhead lines;[17] and (3) the governing body of Arlington County has expressed its support, by resolution, for undergrounding the proposed lines. Additionally, we find that the project will provide the Company with additional experience installing underground transmission facilities. Accordingly, we approve inclusion of the project in the pilot program established by HB 1319.

Accordingly, IT IS ORDERED THAT:

(1) The Company is authorized to construct and operate the two Radnor Heights-Line #2036 Junction 230 kV underground transmission lines and the Ballston-Radnor Heights 230 kV underground transmission line, all on the routes proposed in the Company's Application. The Company is also authorized to construct and operate the proposed Radnor Heights Substation within Fort Meyer.

(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 the proposed transmission lines is granted, as provided for herein, and subject to the requirements set forth in this Final Order.

(3) Pursuant to the Utility Facilities Act, Chapter 10.1 (§ 56-265.1 *et seq.*) of Title 56 of the Code, the Company is issued the following certificate of public convenience and necessity:

> Certificate No. ET-79ll authorizes Virginia Electric and Power Company under the Utility Facilities Act to construct and operate the proposed Ballston-Radnor Heights 230 kV underground transmission lines, Radnor Heights-Line #2036 Junction underground transmission line, and associated facilities, all as authorized in Case No. PUE-2010-00004; and to operate previously certificated transmission lines and facilities in Fairfax County, all as shown on the map attached to the certificate. Certificate No. ET-79ll cancels Certificate No. ET-79kk issued to Virginia Electric and Power Company on April 21, 2009 in Case No. PUE-2008-00072.

(4) The Commission's Division of Energy Regulation shall forthwith provide the Company a copy of the certificate issued in Ordering Paragraph (3) above with the detailed map attached.

(5) The Company is authorized to construct the proposed transmission lines and associated substation as part of an underground pilot project pursuant to HB 1319.

(6) The transmission lines and associated substation approved herein must be constructed and in service by June 30, 2010; however, the Company is granted leave to apply for an extension for good cause shown.

(7) As there is nothing further to come before the Commission, this matter is dismissed and the pages herein placed in the file for ended causes.

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[16] Supplemental Testimony of Elizabeth P. Harper at 2-4.

[17] Direct Testimony of David C. Witt at 5, 8 (estimating a cost of $87.3 million for the proposed project compared to an estimated cost of $254.4 million to install overhead lines).

CASE NO. PUE-2010-00005
JUNE 30, 2010

APPLICATION OF
WASHINGTON GAS LIGHT COMPANY

For an Annual Informational Filing for the Twelve Months Ended September 30, 2009

ORDER ACCEPTING STAFF RECOMMENDATIONS AND DISMISSING PROCEEDING

On November 4, 2009, Washington Gas Light Company ("WGL" or the "Company"), by counsel, filed a petition with the State Corporation Commission ("Commission") requesting a waiver of certain filing requirements set out in 20 VAC 5-201-30 of the Rules Governing Utility Rate Applications and Annual Informational Filings ("Rate Case Rules").

On November 25, 2009, the Commission entered its Order Granting Waiver ("Order") in Case No. PUE-2009-00123.[1] In its Order, the Commission directed WGL to file Schedules 1-5, 9, 11-12, 14-18, 29, which would include only the work papers relating to the earnings test, and 40(a) as required by the Rate Case Rules as part of WGL's Annual Informational Filing ("AIF") for the twelve (12) months ended September 30, 2009. The Commission granted WGL a waiver of the requirements of 20 VAC 5-201-30 to file Schedules 6-7, 19, 21-22, 24-25, 27-28, 29 (except for work papers relating to the earnings test) and 40(b). The Commission conditioned the waiver upon the reservation of the right of the Commission Staff ("Staff") to request all of the AIF schedules, if needed, during Staff's review of the AIF for the twelve (12) months ended September 30, 2009, or in any future AIF proceeding.

On January 28, 2010, WGL filed its AIF for the twelve months ended September 30, 2009 ("2009 AIF") with the Commission.

On May 24, 2010, Staff filed its Report in the captioned matter. That Report consisted of financial and accounting analyses. In the financial analysis portion of its Report, Staff advised that WGL's consolidated per books return on average equity was 11.1% for the test year. Staff also commented that the Company maintained bond ratings of AA- from Standard & Poor's and A2 from Moody's Investors Service during the test year and throughout the credit crisis that began in late 2008 and extended through early 2009. Staff noted that WGL's consolidated per books equity ratio for the test year was 62.09%, with the exclusion of current maturities on long-term debt and short-term debt from total capital, and 54.79% when those items are included in total capital.

WGL's ratemaking capital structure reflects the 9.5%-10.5% return on equity range that was part of the Stipulation agreement for a Performance Based Ratemaking Plan ("PBR Plan") adopted by the Commission's September 19, 2007 Order entered in Case No. PUE-2006-00059.[2] Staff observed that based on the return on equity range midpoint of 10.0%, WGL's overall cost of capital for the test year is 7.92%, as compared to 8.08% for the fiscal year ended September 2008. According to Staff, the decrease primarily stems from a reduction in the cost of debt between the two periods.

In its accounting analysis, Staff explained that the Stipulation accepted in Case No. PUE-2006-00059 provides for no change in base tariff rates during the four-year PBR Plan that extends from October 1, 2007 through September 30, 2011. Staff reported that the Stipulation accepted in Case No. PUE-2006-00059 provides for an Earnings Sharing Mechanism ("ESM") to share excess earnings during the PBR Plan between ratepayers and shareholders. In accordance with that Stipulation, the Company will share Virginia jurisdictional earnings under the ESM beginning at a 10.50% rate of return on common equity. Virginia jurisdictional earnings would be shared under the Stipulation with 75% credited to ratepayers and 25% retained by shareholders.

Staff also advised that in WGL's preceding AIF, Case No. PUE-2009-00005, WGL had agreed to file its earnings test in conformance with the adjustments calculated by Staff in Staff's earnings test for the 2008 AIF, as illustrated by the Earnings Test Rate of Return Statement attached as Appendix A to the Stipulation accepted by the Commission in Case No. PUE-2009-00005.[3] Staff noted that WGL presented its ratemaking adjustments in conformance with the Stipulation accepted in Case No. PUE-2009-00005, except for an accounting adjustment related to a termination of The Williams Companies, Inc. ("Williams") right to call capacity near Leidy, Pennsylvania, used by WGL for asset optimization purposes.

With regard to WGL's asset optimization activities, Staff reported that during the fiscal year 2009, WGL earned $30 million in system-wide asset optimization revenues before sharing, net of storage fill, with $12.1 million of this amount being allocated to Virginia. Of the $12.1 million adjusted net asset optimization revenues allocated to Virginia, $2.6 million was shared with Virginia ratepayers through the Annual Cost Adjustment ("ACA") mechanism of WGL's Purchased Gas Adjustment Clause in accordance with Paragraph 8(b) of the Stipulation accepted in Case No. PUE-2006-00059.[4]

The Company adjusted the net $9.5 million due to a misallocation to Virginia of certain items such as lower-of-cost or market adjustments and to normalize the Williams' call termination. To correct the misallocation, WGL made an earnings test adjustment to allocate these items on a gross-of-sharing

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[1] *See Petition of Washington Gas Light Company, For Partial Waiver of Filing Requirements for Annual Informational Filing for the Test Period Ended September 30, 2009*, Case No. PUE-2009-00123, Doc. Con. Cen. No. 421658, Order Granting Waiver (Nov. 25, 2009).

[2] *See Application of Washington Gas Light Company, For a general increase in rates, fees, charges and revisions to the terms and conditions of service as well as approval of a performance-based regulation methodology under Va. Code § 56-235.6*, Case No. PUE-2006-00059, 2007 S.C.C. Ann. Rept. 315, Final Order (Sept. 19, 2007) (hereafter referred to as "Case No. PUE-2006-00059"). The September 19, 2007 Final Order incorporates a Stipulation resolving all issues related to the Company's Application, including approval of a PBR Plan for WGL for the period October 1, 2007 through September 30, 2011.

[3] *See Application of Washington Gas Light Company, For an Annual Informational Filing for 2008*, Case No. PUE-2009-00005, 2009 S.C.C. Ann. Rept. 381, 382, Final Order (July 24, 2009).

[4] The $2.6 million is calculated based on Virginia's 41% allocation of the first $6 million of net asset optimization revenues, leaving a Virginia allocated amount of $9.5 million after sharing through the ACA.

basis, an adjustment accepted by Staff. After all of WGL's earnings test adjustments and after the $2.6 million returned to Virginia customers in the ACA, the adjusted level of net asset optimization activities included in the Virginia ESM was $6.6 million.

With regard to the Williams' call termination, Staff did not accept WGL's proposed ratemaking treatment of the expenses to terminate Williams' right to call capacity for the final two years of the contract. For earnings test purposes, WGL deferred the amount until fiscal years 2010 and 2011 consistent with the time period that revenues would be derived from the termination. The Company's earnings test adjustment amount on a Virginia jurisdictional basis is a $2.4 million decrease to expense, or an increase in net asset optimization revenues.

Staff explained in its Report that earning test adjustments have historically been made to place a utility's books on a regulatory basis rather than to normalize expenses. Staff noted that Paragraph 10(f) of the Stipulation accepted in Case No. PUE-2006-00059 prohibits WGL from establishing any regulatory assets before or during the term of the PBR Plan other than the deferral of the costs to achieve the Administrative and General Initiative ("A&G Initiative"). According to Staff, since WGL expensed the Williams' call termination cost during the test year but desires to recognize such costs in future earnings tests, WGL appeared to be requesting regulatory asset treatment for these costs. Based upon Paragraph 10(f) of the Stipulation accepted in Case No. PUE-2006-00059, Staff did not incorporate WGL's proposed earnings test adjustment to defer the test year cost of the Williams' call termination.

After Staff's ratemaking adjustments, $4.2 million of net asset optimization revenues are included in the fiscal year 2009 Virginia jurisdictional earnings test. Staff's revenue amount is lower than WGL's because the Staff did not defer the $2.4 million Virginia jurisdictional Williams' call termination cost until fiscal years 2010 and 2011, as did WGL.

Staff reported that WGL amortizes the Virginia costs of business process outsourcing, *i.e.*, the A&G Initiative, over the four-year PBR Plan term in accordance with Paragraph 10(f) of the Stipulation approved in Case No. PUE-2006-00059. Staff explained that the unamortized regulatory asset balance as of the September 30, 2009, end of the test year was $2.8 million on a Virginia jurisdictional basis net of tax. According to Staff, this balance, as well as any incremental accruals during fiscal years 2010 and 2011, will be completely amortized by September 30, 2011, the termination date for the Company's PBR Plan.

With regard to WGL's Virginia infrastructure investment, Paragraph 11 of the Stipulation approved in Case No. PUE-2006-00059 directed WGL to conduct a targeted mechanical seal replacement program of $8 million annually in Virginia. WGL's December 1, 2009 PBR Report for fiscal year 2009 quantifies $10.3 million of capital expenditures, including $1.2 million of encapsulation costs, related to mechanical couplings. Staff did not consider the costs of encapsulation in its analysis of whether WGL met its investment commitment since the Stipulation in Case No. PUE-2006-00059 requires the capital expenditures to be for "mechanical seal replacement." After excluding the costs related to encapsulation, WGL satisfied its commitment for mechanical seal replacement based on WGL's reported activity for fiscal year 2009. Staff included the cost of replacement and encapsulation in its development of WGL's rate base.

With regard to hexane gas, an additive used to reconstitute the chemical make-up of natural gas to avoid compromising mechanical seals in the Company's distribution system, WGL represented that it incurred $1.4 million of test year Virginia jurisdictional costs to purchase hexane gas. Hexane has both a BTU (heating value) and non-BTU component. Of test year cost, WGL represents that $0.9 million was related to the non-BTU component of hexane. Paragraph 6(b) of the Stipulation accepted in Case No. PUE-2006-00059 provides that, to the extent WGL's Virginia jurisdictional earnings result in less than a 10.0% return on common equity on a per books earnings test basis, WGL may file an application requesting recovery of the actual Virginia jurisdictional amount of non-BTU component hexane expensed during the test year in excess of $400,000. In accordance with the Stipulation accepted in Case No. PUE-2006-00059, the cost recovery will be limited to that portion of the non-BTU hexane component in excess of $400,000 required for the Company to achieve an earned return on equity of 10.0% for that PBR period of the PBR Plan.

With respect to State Income Tax Expense, Staff made an adjustment to Virginia jurisdictional state income tax expense of $960,194. This adjustment is based on a three part factor of plant, payroll, and sales within the Maryland, Virginia, and District of Columbia ("D.C.") jurisdictions, respectively. Since the Company had not yet filed its fiscal year 2009 tax returns, Staff used the apportionment factors from the Company's fiscal year 2008 tax returns as a proxy. Since WGL filed a consolidated tax return in D.C., Staff removed the non-WGL portion of the state income taxes from the D.C. apportionment factor.

Based on Staff's revisions to WGL's filed earnings tests, Staff concluded that WGL's rate of return earned on rate base on a Virginia jurisdictional per books basis was 8.04% and, after limited adjustments, was 7.48%. Staff calculated that WGL earned a 10.16% rate of return on common equity on a Virginia jurisdictional per books basis and, after limited adjustments, earned a 9.20% rate of return on common equity. Based on the adjusted rate of return earned on average common equity, Staff did not recommend that any Earnings Sharing Mechanism sharing occur. Staff did not propose any revisions to WGL's non-gas base rates.

On June 9, 2010, WGL, by counsel, filed a letter advising that WGL did not have any comments on the Staff Report.

NOW THE COMMISSION, upon consideration of the 2009 AIF, Staff's May 24, 2010 Report, the Company's June 9, 2010 letter, and the applicable statutes, is of the opinion and finds that the accounting adjustments, capital structure, and recommendations set out in Staff's Report should be adopted as supported by the record; that no earnings sharing through WGL's ESM mechanism is necessary for the test year ending 2009; that no further action should be taken on the Company's rates at this time; and that this case should be dismissed from the Commission's docket of active proceedings.[5]

Accordingly, IT IS ORDERED THAT:

(1) In accordance with the findings made herein, the accounting adjustments, capital structure, and recommendations set forth in the May 24, 2010 Staff Report are hereby accepted.

(2) No earnings sharing through WGL's ESM mechanism is necessary for the test year ending September 30, 2009.

[5] The findings made herein pertain only to the record made in this docket. They do not constitute a determination of any other issues in other dockets that may be pending before the Commission involving WGL.

(3) No action should be taken on the Company's rates at this time.

(4) There being nothing further to be done herein, this case shall be dismissed from the Commission's docket of active proceedings, and the papers filed herein shall be placed in the Commission's file for ended causes.

CASE NO. PUE-2010-00006
JUNE 29, 2010

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval to revise its Rider T rate adjustment clause pursuant to § 56-585.1 A 4 of the Code of Virginia

FINAL ORDER

On March 31, 2010, Virginia Electric and Power Company ("Dominion" or "Company"), pursuant to § 56-585.1 A 4 of the Code of Virginia ("Code"), submitted an application to the State Corporation Commission ("Commission") to revise the Company's rate adjustment clause ("RAC") designated as Rider T. Section 56-585.1 A 4 of the Code allows an investor-owned electric utility to recover, with Commission approval, certain costs through a RAC and deems to be prudent the "costs for transmission services provided to the utility by the regional transmission entity of which the utility is a member" and "costs charged to the utility that are associated with demand response programs approved by the Federal Energy Regulatory Commission and administered by the regional transmission entity of which the utility is a member."

By Final Order entered in Case No. PUE-2009-00018, the Commission approved the Company's proposal to establish Rider T, which was placed into effect on September 1, 2009.[1] The Company's application in the instant proceeding proposes an increase to its current Rider T rates to be effective for service rendered on and after September 1, 2010. The rates in the Company's application were designed to produce a revenue requirement of approximately $339 million, or an annual increase of $119 million above the revenues projected to be generated under existing Rider T rates.[2]

Additionally, according to the Company, "[t]he revised Rider T proposed in this case reflects the Order Approving Stipulation and Addendum issued … on March 11, 2010, in Case Nos. PUE-2009-00011, *et al.*"[3] ("Order Approving Stipulation").[4] The Order Approving Stipulation approved, among other things, certain rate credits and an agreement by the Company to waive collection of certain deferred regional transmission organization ("RTO") costs as of January 1, 2011. Regarding the Company's agreement to waive recovery of the deferred RTO costs, the application proposes two sets of rates – one set effective for usage on and after September 1, 2010, and another set effective for usage on and after January 1, 2011.

Finally, the Company requested a waiver of Rule 20 VAC 5-201-60 of the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings (20 VAC 5-201-10, *et seq.*) ("Rate Case Rules"). Rule 20 VAC 5-201-60 of the Rate Case Rules requires, among other things, the filing of Schedule 45 as "documentation supporting the return on equity benchmark proposed pursuant to § 56-585.1 A 2 a and b of the Code of Virginia." As noted by the Company, the Commission does not need to determine a return on equity for the proposed Rider T.[5]

On April 13, 2010, the Commission issued an Order for Notice and Hearing directing Dominion to provide notice of its application; permitting interested persons to file written or electronic comments or to participate as a respondent; scheduling a public hearing for June 15, 2010; and granting the requested waiver of Rule 20 VAC 5-201-60 of the Rate Case Rules, while allowing the opportunity for interested parties the opportunity to file objections to the Commission's waiver.

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"), and MeadWestvaco Corporation ("MeadWestvaco"). No objections to the Commission's waiver of Rule 20 VAC 5-201-60 were filed.

On May 25, 2010, MeadWestvaco filed testimony addressing the proposed rate design for Dominion's GS-4 customer class. On June 7, 2010, MeadWestvaco, by counsel, filed a letter, which was signed and agreed to by counsel for Dominion, advising that MeadWestvaco and Dominion intend to work cooperatively with other interested parties to investigate potential rate design alternatives for the GS-4 customer class.

On May 27, 2010, Dominion, by counsel, filed a letter indicating that it had identified certain costs included in the application that the Company proposed to remove in a compliance filing of the final rates approved in this case. On June 1, 2010, the Commission's Staff ("Staff") filed testimony recommending a revenue requirement of $337.9 million, or approximately $1.1 million lower than the Company originally requested.[6] Staff's

[1] *Application of Virginia Electric and Power Company, For approval of rate adjustment clause pursuant to § 56-585.1 A 4 of the Code of Virginia*, Case No. PUE-2009-00018, 2009 S.C.C. Ann. Rept. 422, Final Order (June 29, 2009).

[2] Ex. 9 at 4, n.3.

[3] Ex. 5 at 2.

[4] *Application of Virginia Electric and Power Company, For a 2009 statutory review of rates, terms and conditions for the provision of generation, distribution, and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2009-00019, Order Approving Stipulation and Addendum (Mar. 11, 2010).

[5] Ex. 2, Application at 8.

[6] Ex. 9 at 15.

recommendation reflects the removal of costs identified by Dominion's May 27, 2010, letter and one additional accounting adjustment. On June 8, 2010, Dominion filed rebuttal testimony agreeing to the revenue requirement calculated by Staff.[7]

The Commission held a public evidentiary hearing on June 15, 2010. The following participated at the hearing: Dominion; Committee; Consumer Counsel; and Staff. No public witnesses appeared at the hearing. The Company's application, filing schedules, and all supporting and rebuttal testimony, as well as the testimony of witnesses for MeadWestvaco and the Staff were all admitted to the record without cross-examination.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds as follows. Section 56-585.1 A 4 of the Code deems certain costs "reasonable and prudent," and further directs that the Commission "shall approve a rate adjustment clause under which such costs … shall be recovered on a timely and current basis from customers." Pursuant to this statute, we approve the Rider T revenue requirement of $337.9 million, as recommended by the Commission's Staff, agreed to by the Company, and not contested by any party to this proceeding.

Additionally, we find that the Company's proposal is consistent with the Order Approving Stipulation, as discussed herein. Although the current Rider T rates became effective on September 1, 2009, and we now approve an increase to those rates to be effective on and after September 1, 2010, the Order Approving Stipulation provides for separate rate credits to offset, through December 31, 2010, both the initial Rider T increase and the additional increase approved herein.[8] As stated by the Company, "[g]iven the terms of the Order Approving Stipulation … prior to January 1, 2011, net billing for transmission service will be at rates in place as of August 31, 2009 (pre-Rider T rates)." On January 1, 2011, when the increased Rider T costs are reflected in customer bills, those charges will not include any recovery of the deferred RTO costs, which the Company agreed to waive.[9]

Finally, we approve the Company's proposed rate design and allocation of costs and direct the lower revenue requirement approved herein to be allocated in a manner consistent with the Company's proposed methodology. In doing so, we acknowledge the stated intent of Dominion and MeadWestvaco to work cooperatively to explore alternatives in hopes of reaching an agreement to re-design the GS-4 rate design. The Commission will review in future proceedings any proposed rate design, regardless of whether or not such proposal is a collaborative outcome.

Accordingly, IT IS ORDERED THAT:

(1) The Company's application is granted in part and denied in part as set forth herein.

(2) Within thirty (30) days from the date of this Final Order, the Company shall file with the Commission's Division of Energy Regulation a revised Rider T, with supporting workpapers, which reflects the findings and requirements set forth herein.

(3) The modifications to Rider T as approved herein shall become effective for service rendered on and after September 1, 2010.

(4) This matter is dismissed.

[7] Ex. 6 at 3.

[8] Ex. 5 at 9.

[9] *Id.* at 3; Ex. 3 at Sch. 2.

CASE NO. PUE-2010-00007
SEPTEMBER 3, 2010

APPLICATION OF
ENERGY CURTAILMENT SPECIALISTS, INC.

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 February 5, 2010, Energy Curtailment Specialists, Inc. ("ECS" or the "Company") filed an application ("Application") with the State Corporation Commission ("Commission") for approval of demand response programs to be offered to retail customers in the Appalachian Power Company ("APCo") service territory. The Company's Application is filed pursuant to Section 3 of Chapters 752 and 855 of the 2009 Acts of the Virginia General Assembly ("Section 3"), which states as follows:

> 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.

The Application seeks authority for ECS to continue to market and provide demand response programs through individual customer contracts in the APCo service territory. Among other things, ECS states: (i) that it is an active Curtailment Service Provider ("CSP") in the demand response programs

of the regional transmission entity PJM Interconnection, LLC ("PJM"); (ii) that it "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) that it "installs metering and control equipment to enable the customer to curtail, aggregates its customers' load to meet its obligations to PJM, submits the verification of demand reductions for payment by PJM, and receives payments from PJM on behalf of its customers."[1]

On February 26, 2010, the Commission issued an Order Inviting Comments in this proceeding that allowed interested persons an opportunity to participate as respondents and to file comments and request a hearing on the Company's Application. On or before April 2, 2010, comments and notices of participation were received from: APCo; EnergyConnect, Inc. ("EnergyConnect"); EnerNOC, Inc. ("EnerNOC"); CPower, Inc. ("CPower"); Comverge, Inc. ("Comverge"); and the Old Dominion Committee for Fair Utility Rates ("Committee"). Piedmont Environmental Council ("Piedmont") filed comments.

In its comments, APCo raises concerns about the requested approval. APCo states that it is unable to capture from such third-party demand response programs certain benefits of load curtailment. APCo indicates that, under PJM's capacity market, participation by APCo's customers in demand response programs offered by third-party providers, such as ECS, cannot be counted toward its capacity obligation, which is met through PJM's Fixed Resource Reliability alternative. Additionally, APCo expresses concern that ECS's proposal could result in higher costs for APCo and its customers in the long run. APCo also questions the sufficiency of information provided in the Application.

EnergyConnect, EnerNOC, CPower, and Comverge, which, like ECS, operate as CSPs within the PJM region and elsewhere, support ECS's Application because they believe it is likely to lead to more demand response within APCo's service territory. The CSPs state, among other things, that an increase in demand response within APCo's service territory would potentially reduce APCo's monthly peak and its member load ratio ("MLR") within the American Electric Power Company ("AEP") pool of operating companies. According to the CSPs, a reduction in APCo's MLR would reduce capacity equalization payments by APCo to other AEP operating companies, thereby providing benefits to APCo customers that participate in demand response programs and those that do not. Similarly, Piedmont urges the Commission to approve ECS's Application based, in part, on Piedmont's assertion that "more competitive service providers should allow for deeper market penetration and more demand response overall."[2] The CSPs also cite to the ability of demand response to lower energy and capacity prices within the PJM region. Finally, the CSPs request that an evidentiary hearing be convened if the Commission is inclined to reject the Application.

The Committee, in its comments, asks that the Commission dismiss the Application for lack of jurisdiction based on the Committee's assertion that:

> the Application does not involve a demand response program *proposed to be offered* to retail customers. Rather, the Application involves an *existing* demand response program that *already* is offered by PJM, not by CSPs. The CSPs merely serve as a conduit for participating in the demand response program that is offered by PJM: the CSPs do not establish any of the rules, terms, or conditions for participating in such programs.[3]

The Committee further asserts that regulation of CSPs under Section 3 is "not needed" because the Federal Energy Regulatory Commission ("FERC") and the Virginia General Assembly have already determined that the PJM demand response programs are in the public interest.[4] "If the Commission determines that it should exercise jurisdiction over the Application," the Committee supports its approval.[5] Finally, the Committee requests an evidentiary hearing on the Application but only in the event that "the Commission does not dismiss the Application for lack of jurisdiction, and if the Commission determines that it cannot approve the Application based solely on written submissions in this docket."[6]

On April 16, 2010, ECS filed responsive comments that largely address the concerns raised by APCo in its comments. ECS asserts that APCo's concerns are unwarranted and identifies various benefits of demand response in further support of its requested approval.

In addition to comments, as discussed above, the Committee filed, on April 30, 2010, a Motion to Dismiss the Application. In its Motion to Dismiss, the Committee advances jurisdictional arguments similar to those raised separately in its comments. The Committee concludes that ". . . nothing in Section 3 . . . , and nothing in state policy or prior Commission precedent supports a finding that Virginia laws or regulations do not permit a retail customer to participate in PJM demand response programs."[7]

On May 20, 2010, the Commission's Staff ("Staff") filed a response to the Committee's Motion to Dismiss in which Staff recommends that the Committee's Motion to Dismiss be denied. Staff asserts that the Company's proposal is the type contemplated by the Virginia General Assembly's enactment of Section 3. In support of its position, Staff cites to the Section 3 requirement for a determination of whether a proposed program is a "capacity resource" and indicates that "CSPs aggregate the resources of their retail customers to register as capacity resources and bid those resources into PJM's markets. But the PJM programs themselves are not capacity resources."[8] Additionally, Staff indicates that the Committee's proposed distinction between "existing" and "new demand response programs offered after some unspecified date" is inconsistent with the grandfather clause of Section 3, which references only

[1] Application at 1-2.

[2] Piedmont's Comments at 2.

[3] Committee's Notice of Participation as Respondent, Comments, and Request for Hearing at 3 (internal quotations omitted) (emphasis in original).

[4] *Id*. at 3-4.

[5] *Id*. at 4-5.

[6] *Id*. at 5.

[7] Committee's Motion to Dismiss at 3.

[8] Staff's Response to Motion to Dismiss at 4.

"contracts" executed prior to July 1, 2009.[9] Finally, Staff cites to FERC Order Nos. 719 and 719-A and states that the issue of retail customers' participation in demand response programs has been left for the States to decide.

On June 4, 2010, the Committee filed a reply to Staff's response to the Committee's Motion to Dismiss. The Committee's reply focuses largely on the issue of whether the programs offered by the Company are, in their own right, demand response programs or whether CSPs, such as ECS, serve as a mere conduit for customer participation in PJM programs. The Committee argues that not treating CSPs as conduits of the PJM program: (i) is inconsistent with FERC Order No. 719-A; (ii) is inconsistent with the plain language of Section 3; (iii) is inconsistent with Staff's evaluation of CSPs in a representative Staff Report; and (iv) would result in disparate treatment of CSP customers. However, the Committee "concedes . . . that its reading of Section 3 would result in Section 3 applying to non-utility [sic] demand response programs that are not PJM demand response programs, and the universe of such programs is presently hard to discern."[10] The Committee's reply also asserts that "regulation of the CSPs in APCo's territory is unwise."[11]

On May 7, 2010, the Staff filed its report on the Application ("Staff Report") in which it concludes that: (i) "ECS is technically qualified as a nonutility provider of demand response provider [sic] and has the necessary resources for providing such services"; (ii) "ECS has the financial resources necessary to provide the proposed services"; and (iii) "ECS offers programs that are effective, reliable, measurable and verifiable as a demand response resource."[12] Staff further concludes that the public interest implications of ECS's programs may vary depending on the perspective from which they are viewed. According to Staff:

> The provision of demand response services in APCo's service territory by nonutility providers may have a positive impact on the PJM region as a whole while possibly having an adverse impact on AEP and its nonparticipating customers. It does not necessarily follow, however, that APCo will be harmed as a stand-alone entity.[13]

Staff recommends that Commission approval of the Application be conditioned on the Company providing an annual report demonstrating its continued qualifications and includes in the Staff Report specific recommendations for such a reporting requirement.

On May 21, 2010, ECS filed comments in response to the Staff Report. ECS stresses the economic development benefits of demand response payments to retail customers. The Company agrees with Staff that increased demand response from nonutility CSPs may not harm APCo as a stand-alone entity and indicates that participation in demand response programs offered by CSPs results in benefits to nonparticipating customers. ECS further asserts that "[i]ncreased demand response is explicit public policy in Virginia."[14] Finally the Company concludes that it does not object to the reporting requirements proposed by Staff but requests that the Commission consider those reports as "extraordinarily sensitive information under Rule 5 VAC 5-20-170 in order to maintain the confidentiality of the information."[15]

NOW THE COMMISSION, having considered 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 geographic area of the Commonwealth.[16] We have evaluated ESC's Application and find that it should be approved, subject to the conditions set forth herein.

Motion to Dismiss

As a preliminary matter, we deny the Committee's Motion to Dismiss. We agree with Staff that the demand response "program[s]" to be evaluated under Section 3 are "the actual products and services offered … to retail customers" and that the programs proposed to be offered by the Company are not the same as the PJM platforms for demand response.[17] Section 3 contemplates Commission consideration of demand-side resources capable of functioning as capacity. Staff cites to, and no party has rebutted, provisions of the PJM Open Access Transmission Tariff and Reliability Assurance Agreement as evidence that the PJM platforms are not "capacity resource[s]."[18] Put simply, although the PJM demand response platforms may also be referred to as programs, they are not the "program[s]" that Section 3 directs us to evaluate. Moreover, the Committee's legal interpretation would appear to render meaningless Section 3, either in part or in its entirety. Indeed, as the Committee concedes, "the universe of such programs" provided by nonutility providers to which Section 3 would apply under the Committee's interpretation "is presently hard to discern."[19]

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[9] *Id*. at 6.

[10] Committee's Reply to Response to Motion to Dismiss at 10.

[11] *Id*. at 8.

[12] Staff Report at 14.

[13] *Id*. at 14-15.

[14] ECS's June 10, 2010 Comments at 6.

[15] *Id*. at 7-8.

[16] 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 described by Section 3.

[17] Staff's Response to Motion to Dismiss at 3-5.

[18] *Id*. at 4, n.6.

[19] Committee's Reply to Response to Motion to Dismiss at 10.

Application

Based on the record, we find that the Company currently possesses both the technical and financial qualifications necessary to support the demand response programs it proposes to continue offering within APCo's service territory.[20] We further find that the programs, as they are currently provided by the Company, have been effective, reliable and verifiable as capacity resources.[21] That, in order to participate in PJM's markets, the Company and its programs have thus far been able to satisfy certain financial and technical requirements of PJM is relevant to, but is not dispositive of, our determination herein.

Additionally, we find approval of the Company's programs to be in the public interest, subject to the reporting requirements recommended by Staff and unopposed by the Company.[22] In reaching this conclusion we have considered, among other things, the demand response benefits provided or potentially provided both regionally and locally, as cited by Staff and the parties to this proceeding.[23]

Given the legislative emphasis on the effectiveness, reliability, and verifiability of demand response programs subject to Section 3, we find that the public should be provided reasonable assurance – beyond the snapshot in time presented in this proceeding – that the Company's programs continue to contribute positively to system reliability. The need for regular reporting to demonstrate the continuing qualifications of the Company and its programs is reinforced by the evolving, if not increasing, role of demand response providers and their services.[24] Accordingly, it is only subject to such reporting that we find the provision of the demand response programs offered by the Company to be in the public interest.[25]

ECS shall be required to provide the following information annually:

1) A list of states in which ECS, or an affiliate of ECS, conducts business related to curtailment services;

2) Disclosure of any affiliate relationships with a local electric distribution company or other CSP that conducts business in Virginia;

3) A copy of ECS's audited balance sheet and income statement for the most recent fiscal year. If not available, other financial information that demonstrates ECS's financial ability to continue to provide demand response services in Virginia;

4) Demonstration that ECS has adequate commercial liability insurance commensurate with the business being conducted in Virginia;

5) Disclosure of any (i) civil, criminal, or regulatory sanctions or penalties imposed or in place within the previous five years against ECS, any of its affiliates, or any officer, director, partner, or member pursuant to any state or federal consumer protection law or regulation; and (ii) felony convictions within the previous five years, which relate to the business of the Company or to an affiliate thereof, of any officer, director, partner, or member;

6) Disclosure of whether ECS has ever been denied authority to provide demand response services and whether any authority issued to it or an affiliate has ever been suspended or revoked and whether other sanctions have been imposed; and

7) Disclosure of any incurrence of penalties from PJM, curtailment test failures or failures to meet committed curtailments during curtailment events.

We direct Staff to monitor these reporting requirements and to advise us of any information that materially affects the qualifications of ECS or its programs under the standards of Section 3.

Requests for Hearing

EnergyConnect, EnerNOC, CPower, and Comverge request that an evidentiary hearing be convened if the Commission is inclined to deny ECS's Application. The Committee requests an evidentiary hearing in the event the Commission does not dismiss ECS's Application on jurisdictional grounds and, further, finds the written submissions in this docket inadequate to approve the Application. As previously noted, we deny the Committee's Motion to

[20] *See*, *e.g.*, Staff Report at 2-7.

[21] *See*, *e.g.*, *id*. at 7-11.

[22] *Id*. at 15-16; ECS's May 21, 2010 Comments at 7-8.

[23] *See*, *e.g.*, Staff Report at 12-14; ECS's May 21, 2010 Comments at 2-3; EnergyConnect's Comments at 4-6. We are also mindful of the Committee's concern that "APCo's customers will be harmed if their demand response options … are restricted through the elimination of viable and active CSPs." Committee's Comments at 4.

[24] Application at 5-6.

[25] Based on the competitive concerns raised by the Company, we direct Staff to maintain these reports as confidential information and to withhold their contents from public disclosure. Such reports shall be handled consistent with all the provisions of 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, including the provisions for individually marking pages or documents that contain confidential information, for maintaining confidential information, and for challenging confidential designations.

Dismiss. We also find the written record in this docket adequate for us to evaluate ECS's Application. Accordingly, we deny all requests for a hearing in this case.

Accordingly, IT IS ORDERED THAT:

(1) ECS's Application to continue offering the demand response programs it currently provides within APCo's service territory is hereby approved, subject to ECS's full compliance with all of Staff's reporting recommendations as listed above, which are hereby accepted and approved.

(2) ECS shall submit its first annual report no later than June 30, 2011, to the Commission's Divisions of Energy Regulation and Economics and Finance, and subsequent reports shall be submitted no later than June 30 for each year in which ECS continues to provide demand response programs to retail customers in APCo's service territory.

(3) The Committee's Motion to Dismiss is denied.

(4) All requests for an evidentiary hearing are denied.

(5) There being nothing further to come before the Commission, this case is hereby dismissed.

CASE NO. PUE-2010-00008
SEPTEMBER 3, 2010

APPLICATION OF
ENERNOC, INC.

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 February 5, 2010, EnerNOC, Inc. ("EnerNOC" or the "Company"), filed an application ("Application") with the State Corporation Commission ("Commission") for approval of demand response programs to be offered to retail customers in the Appalachian Power Company ("APCo") service territory. The Company's Application is filed pursuant to Section 3 of Chapters 752 and 855 of the 2009 Acts of the Virginia General Assembly ("Section 3"), which states as follows:

> 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.

The Application seeks authority for EnerNOC to continue to market and provide demand response programs through individual customer contracts in the APCo service territory. Among other things, EnerNOC states: (i) that it is an active Curtailment Service Provider ("CSP") in the demand response programs of the regional transmission entity PJM Interconnection, LLC ("PJM"); (ii) that it "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) that it "installs metering and control equipment to enable the customer to curtail, aggregates its customers' load to meet its obligations to PJM, submits the verification of demand reductions for payment by PJM, and receives payments from PJM on behalf of its customers."[1]

On February 26, 2010, the Commission issued an Order Inviting Comments in this proceeding that allowed interested persons an opportunity to participate as respondents and to file comments and request a hearing on the Company's Application. On or before April 16, 2010, comments and notices of participation were received from: APCo; EnergyConnect, Inc. ("EnergyConnect"); Energy Curtailment Specialists, Inc. ("ECS"); CPower, Inc. ("CPower"); Comverge, Inc. ("Comverge"); and the Old Dominion Committee for Fair Utility Rates ("Committee").

In its comments, APCo raises concerns about the requested approval but concludes that it neither opposes nor supports EnerNOC's Application. APCo states that it is unable to capture from such third-party demand response programs certain benefits of load curtailment. APCo indicates that, under PJM's capacity market, participation by APCo's customers in demand response programs offered by third-party providers, such as EnerNOC, cannot be counted toward its capacity obligation, which is met through PJM's Fixed Resource Reliability alternative. Additionally, APCo expresses concern that EnerNOC's proposal could result in higher costs for APCo and its customers in the long run. APCo also questions the sufficiency of information provided in the Application.

EnergyConnect, ECS, CPower, and Comverge, which, like EnerNOC, operate as CSPs within the PJM region and elsewhere, support EnerNOC's Application because they believe it is likely to lead to more demand response within APCo's service territory. The CSPs state, among other things, that an increase in demand response within APCo's service territory would potentially reduce APCo's monthly peak and its member load ratio ("MLR") within the American Electric Power Company ("AEP") pool of operating companies. According to the CSPs, a reduction in APCo's MLR would reduce capacity

[1] Application at 1-2.

equalization payments by APCo to other AEP operating companies, thereby providing benefits to APCo customers that participate in demand response programs and those that do not. The CSPs also cite to the ability of demand response to lower energy and capacity prices within the PJM region. Finally, the CSPs request that an evidentiary hearing be convened if the Commission is inclined to reject the Application.

The Committee, in its comments, asks that the Commission dismiss the Application for lack of jurisdiction based on the Committee's assertion that:

> the Application does not involve a demand response program *proposed to be offered* to retail customers. Rather, the Application involves an *existing* demand response program that *already* is offered by PJM, not by CSPs. The CSPs merely serve as a conduit for participating in the demand response program that is offered by PJM: the CSPs do not establish any of the rules, terms, or conditions for participating in such programs.[2]

The Committee further asserts that regulation of CSPs under Section 3 is "not needed" because the Federal Energy Regulatory Commission ("FERC") and the Virginia General Assembly have already determined that the PJM demand response programs are in the public interest.[3] "If the Commission determines that it should exercise jurisdiction over the Application," the Committee supports its approval.[4] Finally, the Committee requests an evidentiary hearing on the Application but only in the event that "the Commission does not dismiss the Application for lack of jurisdiction, and if the Commission determines that it cannot approve the Application based solely on written submissions in this docket."[5]

On April 30, 2010, EnerNOC filed responsive comments that largely address the concerns raised by APCo in its comments. EnerNOC asserts that APCo's concerns are unwarranted and identifies various benefits of demand response in further support of its requested approval.

In addition to comments, as discussed above, the Committee filed, on April 30, 2010, a Motion to Dismiss the Application. In its Motion to Dismiss, the Committee advances jurisdictional arguments similar to those raised separately in its comments. The Committee concludes that ". . . nothing in Section 3 . . ., and nothing in state policy or prior Commission precedent supports a finding that Virginia laws or regulations do not permit a retail customer to participate in PJM demand response programs."[6]

On May 20, 2010, the Commission's Staff ("Staff") filed a response to the Committee's Motion to Dismiss in which Staff recommends that the Committee's Motion to Dismiss be denied. Staff asserts that the Company's proposal is the type contemplated by the Virginia General Assembly's enactment of Section 3. In support of its position, Staff cites to the Section 3 requirement for a determination of whether a proposed program is a "capacity resource" and indicates that "CSPs aggregate the resources of their retail customers to register as capacity resources and bid those resources into PJM's markets. But the PJM programs themselves are not capacity resources."[7] Additionally, Staff indicates that the Committee's proposed distinction between "existing" and "new demand response programs offered after some unspecified date" is inconsistent with the grandfather clause of Section 3, which references only "contracts" executed prior to July 1, 2009.[8] Finally, Staff cites to FERC Order Nos. 719 and 719-A and states that the issue of retail customers' participation in demand response programs has been left for the States to decide.

On June 4, 2010, the Committee filed a reply to Staff's response to the Committee's Motion to Dismiss. The Committee's reply focuses largely on the issue of whether the programs offered by the Company are, in their own right, demand response programs or whether CSPs, such as EnerNOC, serve as a mere conduit for customer participation in PJM programs. The Committee argues that not treating CSPs as conduits of the PJM program: (i) is inconsistent with FERC Order No. 719-A; (ii) is inconsistent with the plain language of Section 3; (iii) is inconsistent with Staff's evaluation of CSPs in a representative Staff Report; and (iv) would result in disparate treatment of CSP customers. However, the Committee "concedes . . . that its reading of Section 3 would result in Section 3 applying to non-utility [sic] demand response programs that are not PJM demand response programs, and the universe of such programs is presently hard to discern."[9] The Committee's reply also asserts that "regulation of the CSPs in APCo's territory is unwise."[10]

On May 13, 2010, the Staff filed its report on the Application ("Staff Report") in which it concludes that: (i) "EnerNOC is technically qualified as a nonutility provider of demand response provider [sic] and has the necessary resources for providing such services"; (ii) "EnerNOC has the financial resources necessary to provide the proposed services"; and (iii) "EnerNOC offers programs that are effective, reliable, measurable and verifiable as a demand response resource."[11] Staff further concludes that the public interest implications of EnerNOC's programs may vary depending on the perspective from which they are viewed. According to Staff:

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[2] Committee's Notice of Participation as Respondent, Comments, and Request for Hearing at 3 (internal quotations omitted) (emphasis in original).

[3] *Id*. at 3-4.

[4] *Id*. at 4-5.

[5] *Id*. at 5.

[6] Committee's Motion to Dismiss at 3.

[7] Staff's Response to Motion to Dismiss at 4.

[8] *Id*. at 6.

[9] Committee's Reply to Response to Motion to Dismiss at 10.

[10] *Id*. at 8.

[11] Staff Report at 13.

> The provision of demand response services in APCo's service territory by nonutility providers may have a positive impact on the PJM region as a whole while possibly having an adverse impact on AEP and its nonparticipating customers. It does not necessarily follow, however, that APCo will be harmed as a stand-alone entity.[12]

Staff recommends that Commission approval of the Application be conditioned on the Company providing an annual report demonstrating its continued qualifications and includes in the Staff Report specific recommendations for such a reporting requirement.

On June 1, 2010, EnerNOC filed comments in response to the Staff Report. EnerNOC stresses the economic development benefits of demand response payments to retail customers. The Company agrees with Staff that increased demand response from nonutility CSPs may not harm APCo as a stand-alone entity and indicates that participation in demand response programs offered by CSPs results in benefits to nonparticipating customers. EnerNOC further asserts that "[i]ncreased demand response is explicit public policy in Virginia."[13] Finally, the Company concludes that it does not object to the reporting requirements proposed by Staff but requests that the Commission consider those reports as "extraordinarily sensitive information under Rule 5 VAC 5-20-170 in order to maintain the confidentiality of the information."[14]

NOW THE COMMISSION, having considered 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 geographic area of the Commonwealth.[15] We have evaluated EnerNOC's Application and find that it should be approved, subject to the conditions set forth herein.

Motion to Dismiss

As a preliminary matter, we deny the Committee's Motion to Dismiss. We agree with Staff that the demand response "program[s]" to be evaluated under Section 3 are "the actual products and services offered … to retail customers" and that the programs proposed to be offered by the Company are not the same as the PJM platforms for demand response.[16] Section 3 contemplates Commission consideration of demand-side resources capable of functioning as capacity. Staff cites to, and no party has rebutted, provisions of the PJM Open Access Transmission Tariff and Reliability Assurance Agreement as evidence that the PJM platforms are not "capacity resource[s]."[17] Put simply, although the PJM demand response platforms may also be referred to as programs, they are not the "program[s]" that Section 3 directs us to evaluate. Moreover, the Committee's legal interpretation would appear to render meaningless Section 3, either in part or in its entirety. Indeed, as the Committee concedes, "the universe of such programs" provided by nonutility providers to which Section 3 would apply under the Committee's interpretation "is presently hard to discern."[18]

Application

Based on the record, we find that the Company currently possesses both the technical and financial qualifications necessary to support the demand response programs it proposes to continue offering within APCo's service territory.[19] We further find that the programs, as they are currently provided by the Company, have been effective, reliable and verifiable as capacity resources.[20] That, in order to participate in PJM's markets, the Company and its programs have thus far been able to satisfy certain financial and technical requirements of PJM is relevant to, but is not dispositive of, our determination herein.

Additionally, we find approval of the Company's programs to be in the public interest, subject to the reporting requirements recommended by Staff and unopposed by the Company.[21] In reaching this conclusion we have considered, among other things, the demand response benefits provided or potentially provided both regionally and locally, as cited by Staff and the parties to this proceeding.[22]

Given the legislative emphasis on the effectiveness, reliability, and verifiability of demand response programs subject to Section 3, we find that the public should be provided reasonable assurance – beyond the snapshot in time presented in this proceeding – that the Company's programs continue to contribute positively to system reliability. The need for regular reporting to demonstrate the continuing qualifications of the Company and its programs is

[12] *Id*.

[13] EnerNOC's June 1, 2010 Comments at 6.

[14] *Id*. at 7-8.

[15] 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 described by Section 3.

[16] Staff's Response to Motion to Dismiss at 3-5.

[17] *Id*. at 4, n.6.

[18] Committee's Reply to Response to Motion to Dismiss at 10.

[19] *See*, *e.g.*, Staff Report at 2-7.

[20] *See*, *e.g.*, *id*. at 7-10.

[21] *Id*. at 13-14; EnerNOC's June 1, 2010 Comments at 7-8.

[22] *See*, *e.g.*, Staff Report at 10-12; EnerNOC's June 1, 2010 Comments at 2-3; EnergyConnect's Comments at 4-6. We are also mindful of the Committee's concern that "APCo's customers will be harmed if their demand response options … are restricted through the elimination of viable and active CSPs." Committee's Comments at 5.

reinforced by the evolving, if not increasing, role of demand response providers and their services.[23] Accordingly, it is only subject to such reporting that we find the provision of the demand response programs offered by the Company to be in the public interest.[24]

EnerNOC shall be required to provide the following information annually:

1) A list of states in which EnerNOC, or an affiliate of EnerNOC, conducts business related to curtailment services;

2) Disclosure of any affiliate relationship with a local electric distribution company or other CSP that conducts business in Virginia;

3) A copy of EnerNOC's audited balance sheet and income statement for the most recent fiscal year. If not available, other financial information that demonstrates EnerNOC's financial ability to continue to provide demand response services in Virginia;

4) Demonstration that EnerNOC has adequate commercial liability insurance commensurate with the business being conducted in Virginia;

5) Disclosure of any (i) civil, criminal, or regulatory sanctions or penalties imposed or in place within the previous five years against EnerNOC, any of its affiliates, or any officer, director, partner, or member pursuant to any state or federal consumer protection law or regulation; and (ii) felony convictions within the previous five years, which relate to the business of the Company or to an affiliate thereof, of any officer, director, partner, or member;

6) Disclosure of whether EnerNOC has ever been denied authority to provide demand response services and whether any authority issued to it or an affiliate has ever been suspended or revoked and whether other sanctions have been imposed; and

7) Disclosure of any incurrence of penalties from PJM, curtailment test failures or failures to meet committed curtailments during curtailment events.

We direct Staff to monitor these reporting requirements and to advise us of any information that materially affects the qualifications of EnerNOC or its programs under the standards of Section 3.

Requests for Hearing

EnergyConnect, ECS, CPower, and Comverge request that an evidentiary hearing be convened if the Commission is inclined to deny EnerNOC's Application. The Committee requests an evidentiary hearing in the event the Commission does not dismiss EnerNOC's Application on jurisdictional grounds and, further, finds the written submissions in this docket inadequate to approve the Application. As previously noted, we deny the Committee's Motion to Dismiss. We also find the written record in this docket adequate for us to evaluate EnerNOC's Application. Accordingly, we deny all requests for a hearing in this case.

Accordingly, IT IS ORDERED THAT:

(1) EnerNOC's Application to continue offering the demand response programs it currently provides within APCo's service territory is hereby approved, subject to EnerNOC's full compliance with all of Staff's reporting recommendations, as listed above, which are hereby accepted and approved.

(2) EnerNOC shall submit its first annual report no later than June 30, 2011, to the Commission's Divisions of Energy Regulation and Economics and Finance, and subsequent reports shall be submitted no later than June 30 for each year in which EnerNOC continues to provide demand response programs to retail customers in APCo's service territory.

(3) The Committee's Motion to Dismiss is denied.

(4) All requests for an evidentiary hearing are denied.

(5) There being nothing further to come before the Commission, this case is hereby dismissed.

[23] Application at 5.

[24] Based on the competitive concerns raised by the Company, we direct Staff to maintain these reports as confidential information and to withhold their contents from public disclosure. Such reports shall be handled consistent with all the provisions of 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, including the provisions for individually marking pages or documents that contain confidential information, for maintaining confidential information, and for challenging confidential designations.

CASE NO. PUE-2010-00009
SEPTEMBER 3, 2010,

APPLICATION OF
COMVERGE, INC.

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 February 5, 2010, Comverge, Inc. ("Comverge" or the "Company"), filed an application ("Application") with the State Corporation Commission ("Commission") for approval of demand response programs to be offered to retail customers in the Appalachian Power Company ("APCo") service territory. The Company's Application is filed pursuant to Section 3 of Chapters 752 and 855 of the 2009 Acts of the Virginia General Assembly ("Section 3"), which states as follows:

> 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.

The Application seeks authority for Comverge to continue to market and provide demand response programs through individual customer contracts in the APCo service territory. Among other things, Comverge states: (i) that it is an active Curtailment Service Provider ("CSP") in the demand response programs of the regional transmission entity PJM Interconnection, LLC ("PJM"); (ii) that it "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) that it "installs metering and control equipment to enable the customer to curtail, aggregates its customers' load to meet its obligations to PJM, submits the verification of demand reductions for payment by PJM, and receives payments from PJM on behalf of its customers."[1]

On February 26, 2010, the Commission issued an Order Inviting Comments in this proceeding that allowed interested persons an opportunity to participate as respondents and to file comments and request a hearing on the Company's Application. On or before April 30, 2010, comments and notices of participation were received from: APCo; EnergyConnect, Inc. ("EnergyConnect"); EnerNOC, Inc. ("EnerNOC"); CPower, Inc. ("CPower"); Energy Curtailment Specialists, Inc. ("ECS"); and the Old Dominion Committee for Fair Utility Rates ("Committee"). Wal-Mart Stores East, LP and Sam's East, Inc. (collectively, "Wal-Mart") filed a notice of participation.

In its comments, APCo raises concerns about the requested approval but concludes that it neither opposes nor supports Comverge's Application. APCo states that it is unable to capture from such third-party demand response programs certain benefits of load curtailment. APCo indicates that, under PJM's capacity market, participation by APCo's customers in demand response programs offered by third-party providers, such as Comverge, cannot be counted toward its capacity obligation, which is met through PJM's Fixed Resource Reliability alternative. Additionally, APCo expresses concern that Comverge's proposal could result in higher costs for APCo and its customers in the long run. APCo also questions the sufficiency of information provided in the Application.

EnergyConnect, EnerNOC, CPower, and ECS, which, like Comverge, operate as CSPs within the PJM region and elsewhere, support Comverge's Application because they believe it is likely to lead to more demand response within APCo's service territory. The CSPs state, among other things, that an increase in demand response within APCo's service territory would potentially reduce APCo's monthly peak and its member load ratio ("MLR") within the American Electric Power Company ("AEP") pool of operating companies. According to the CSPs, a reduction in APCo's MLR would reduce capacity equalization payments by APCo to other AEP operating companies, thereby providing benefits to APCo customers that participate in demand response programs and those that do not. The CSPs also cite to the ability of demand response to lower energy and capacity prices within the PJM region. Finally, the CSPs request that an evidentiary hearing be convened if the Commission is inclined to reject the Application.

The Committee, in its comments, asks that the Commission dismiss the Application for lack of jurisdiction based on the Committee's assertion that:

> the Application does not involve a demand response program *proposed to be offered* to retail customers. Rather, the Application involves an *existing* demand response program that *already* is offered by PJM, not by CSPs. The CSPs merely serve as a conduit for participating in the demand response program that is offered by PJM: the CSPs do not establish any of the rules, terms, or conditions for participating in such programs.[2]

The Committee further asserts that regulation of CSPs under Section 3 is "not needed" because the Federal Energy Regulatory Commission ("FERC") and the Virginia General Assembly have already determined that the PJM demand response programs are in the public interest.[3] "If the Commission determines

[1] Application at 1-2.

[2] Committee's Notice of Participation as Respondent, Comments, and Request for Hearing at 3 (internal quotations omitted) (emphasis in original).

[3] *Id*. at 3-4.

that it should exercise jurisdiction over the Application," the Committee supports its approval.[4] Finally, the Committee requests an evidentiary hearing on the Application but only in the event that "the Commission does not dismiss the Application for lack of jurisdiction, and if the Commission determines that it cannot approve the Application based solely on written submissions in this docket."[5]

On May 13, 2010, Comverge filed responsive comments that largely address the concerns raised by APCo in its comments. Comverge asserts that APCo's concerns are unwarranted and identifies various benefits of demand response in further support of its requested approval.

In addition to comments, as discussed above, the Committee filed, on April 30, 2010, a Motion to Dismiss the Application. In its Motion to Dismiss, the Committee advances jurisdictional arguments similar to those raised separately in its comments. The Committee concludes that ". . . nothing in Section 3 . . ., and nothing in state policy or prior Commission precedent supports a finding that Virginia laws or regulations do not permit a retail customer to participate in PJM demand response programs."[6]

On May 20, 2010, Wal-Mart filed a response to the Committee's Motion to Dismiss in which Wal-Mart supports dismissal of Comverge's Application for the reasons stated in the Committee's Motion to Dismiss. Additionally, Wal-Mart states that scrutiny of existing demand response programs "could have an unintended restrictive impact on the availability of demand response programs to customers like Wal-Mart in Virginia" and "FERC has recognized that aggregators such as the Applicant remove an important barrier to the market for demand response."[7] Wal-Mart requests that the Commission grant the Committee's Motion to Dismiss or, in the alternative, approve Comverge's Application.

On May 20, 2010, the Commission's Staff ("Staff") filed a response to the Committee's Motion to Dismiss in which Staff recommends that the Committee's Motion to Dismiss be denied. Staff asserts that the Company's proposal is the type contemplated by the Virginia General Assembly's enactment of Section 3. In support of its position, Staff cites to the Section 3 requirement for a determination of whether a proposed program is a "capacity resource" and indicates that "CSPs aggregate the resources of their retail customers to register as capacity resources and bid those resources into PJM's markets. But the PJM programs themselves are not capacity resources."[8] Additionally, Staff indicates that the Committee's proposed distinction between "existing" and "new demand response programs offered after some unspecified date" is inconsistent with the grandfather clause of Section 3, which references only "contracts" executed prior to July 1, 2009.[9] Finally, Staff cites to FERC Order Nos. 719 and 719-A and states that the issue of retail customers' participation in demand response programs has been left for the States to decide.

On June 4, 2010, the Committee filed a reply to the responses to its Motion to Dismiss. The Committee's reply focuses largely on the issue of whether the programs offered by the Company are, in their own right, demand response programs or whether CSPs, such as Comverge, serve as a mere conduit for customer participation in PJM programs. The Committee argues that not treating CSPs as conduits of the PJM program: (i) is inconsistent with FERC Order No. 719-A; (ii) is inconsistent with the plain language of Section 3; (iii) is inconsistent with Staff's evaluation of CSPs in a representative Staff Report; and (iv) would result in disparate treatment of CSP customers. However, the Committee "concedes . . . that its reading of Section 3 would result in Section 3 applying to non-utility [sic] demand response programs that are not PJM demand response programs, and the universe of such programs is presently hard to discern."[10] The Committee's reply also asserts that "regulation of the CSPs in APCo's territory is unwise."[11]

On June 1, 2010, the Staff filed its report on the Application ("Staff Report") in which it concludes that: (i) "Comverge is technically qualified as a nonutility demand response provider and has the necessary resources for providing such services"; (ii) "Comverge has the financial resources necessary to provide the proposed services"; and (iii) "Comverge offers programs that are effective, reliable, measurable and verifiable as a demand response resource."[12] Staff further concludes that the public interest implications of Comverge's programs may vary depending on the perspective from which they are viewed. According to Staff:

> The provision of demand response services in APCo's service territory by nonutility providers may have a positive impact on the PJM region as a whole while possibly having an adverse impact on AEP and its nonparticipating customers. It does not necessarily follow, however, that APCo will be harmed as a stand-alone entity.[13]

Staff recommends that Commission approval of the Application be conditioned on the Company providing an annual report demonstrating its continued qualifications and includes in the Staff Report specific recommendations for such a reporting requirement.

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[4] *Id*. at 4-5.

[5] *Id*. at 5.

[6] Committee's Motion to Dismiss at 3.

[7] Wal-Mart's Response to Motion to Dismiss at 3.

[8] Staff's Response to Motion to Dismiss at 4.

[9] *Id*. at 6.

[10] Committee's Reply to Responses to Motion to Dismiss at 10.

[11] *Id*. at 8.

[12] Staff Report at 13.

[13] *Id*.

On June 10, 2010, Comverge filed comments in response to the Staff Report. Comverge stresses the economic development benefits of demand response payments to retail customers. The Company agrees with Staff that increased demand response from nonutility CSPs may not harm APCo as a stand-alone entity and indicates that participation in demand response programs offered by CSPs results in benefits to nonparticipating customers. Comverge further asserts that "[i]ncreased demand response is explicit public policy in Virginia."[14] Finally the Company concludes that it does not object to the reporting requirements proposed by Staff but requests that the Commission consider those reports as "extraordinarily sensitive information under Rule 5 VAC 5-20-170 in order to maintain the confidentiality of the information."[15]

NOW THE COMMISSION, having considered 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 geographic area of the Commonwealth.[16] We have evaluated Comverge's Application and find that it should be approved, subject to the conditions set forth herein.

Motion to Dismiss

As a preliminary matter, we deny the Committee's Motion to Dismiss. We agree with Staff that the demand response "program[s]" to be evaluated under Section 3 are "the actual products and services offered … to retail customers" and that the programs proposed to be offered by the Company are not the same as the PJM platforms for demand response.[17] Section 3 contemplates Commission consideration of demand-side resources capable of functioning as capacity. Staff cites to, and no party has rebutted, provisions of the PJM Open Access Transmission Tariff and Reliability Assurance Agreement as evidence that the PJM platforms are not "capacity resource[s]."[18] Put simply, although the PJM demand response platforms may also be referred to as programs, they are not the "program[s]" that Section 3 directs us to evaluate. Moreover, the Committee's legal interpretation would appear to render meaningless Section 3, either in part or in its entirety. Indeed, as the Committee concedes, "the universe of such programs" provided by nonutility providers to which Section 3 would apply under the Committee's interpretation "is presently hard to discern."[19]

Application

Based on the record, we find that the Company currently possesses both the technical and financial qualifications necessary to support the demand response programs it proposes to continue offering within APCo's service territory.[20] We further find that the programs, as they are currently provided by the Company, have been effective, reliable and verifiable as capacity resources.[21] That, in order to participate in PJM's markets, the Company and its programs have thus far been able to satisfy certain financial and technical requirements of PJM is relevant to, but is not dispositive of, our determination herein.

Additionally, we find approval of the Company's programs to be in the public interest, subject to the reporting requirements recommended by Staff and unopposed by the Company.[22] In reaching this conclusion we have considered, among other things, the demand response benefits provided or potentially provided both regionally and locally, as cited by Staff and the parties to this proceeding.[23]

Given the legislative emphasis on the effectiveness, reliability, and verifiability of demand response programs subject to Section 3, we find that the public should be provided reasonable assurance – beyond the snapshot in time presented in this proceeding – that the Company's programs continue to contribute positively to system reliability. The need for regular reporting to demonstrate the continuing qualifications of the Company and its programs is reinforced by the evolving, if not increasing, role of demand response providers and their services.[24] Accordingly, it is only subject to such reporting that we find the provision of the demand response programs offered by the Company to be in the public interest.[25]

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[14] Comverge's June 10, 2010 Comments at 6.

[15] *Id*. at 7-8.

[16] 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 described by Section 3.

[17] Staff's Response to Motion to Dismiss at 3-5.

[18] *Id*. at 4, n.6.

[19] Committee's Reply to Responses to Motion to Dismiss at 10.

[20] *See*, *e.g.*, Staff Report at 2-7.

[21] *See*, *e.g.*, *id*. at 7-10.

[22] *Id*. at 13-14; Comverge's June 10, 2010 Comments at 7-8.

[23] *See*, *e.g.*, Staff Report at 10-12; Comverge's June 10, 2010 Comments at 2-3; EnergyConnect's Comments at 4-6. We are also mindful of the Committee's concern that "APCo's customers will be harmed if their demand response options … are restricted through the elimination of viable and active CSPs." Committee's Comments at 5.

[24] Application at 5.

[25] Based on the competitive concerns raised by the Company, we direct Staff to maintain these reports as confidential information and to withhold their contents from public disclosure. Such reports shall be handled consistent with all the provisions of 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, including the provisions for individually marking pages or documents that contain confidential information, for maintaining confidential information, and for challenging confidential designations.

Comverge shall be required to provide the following information annually:

1) A list of states in which Comverge, or an affiliate of Comverge, conducts business related to curtailment services;

2) Disclosure of any affiliate relationship with a local electric distribution company or other CSP that conducts business in Virginia;

3) A copy of Comverge's audited balance sheet and income statement for the most recent fiscal year. If not available, other financial information that demonstrates Comverge's financial ability to continue to provide demand response services in Virginia;

4) Demonstration that Comverge has adequate commercial liability insurance commensurate with the business being conducted in Virginia;

5) Disclosure of any (i) civil, criminal, or regulatory sanctions or penalties imposed or in place within the previous five years against Comverge, any of its affiliates, or any officer, director, partner, or member pursuant to any state or federal consumer protection law or regulation; and (ii) any felony convictions within the previous five years, which relate to the business of the Company or to an affiliate thereof, of any officer, director, partner, or member;

6) Disclosure of whether Comverge has ever been denied authority to provide demand response services and whether any authority issued to it or an affiliate has ever been suspended or revoked and whether other sanctions have been imposed; and

7) Disclosure of any incurrence of penalties from PJM, curtailment test failures or failures to meet committed curtailments during curtailment events.

We direct Staff to monitor these reporting requirements and to advise us of any information that materially affects the qualifications of Comverge or its programs under the standards of Section 3.

Requests for Hearing

EnergyConnect, ECS, CPower, and EnerNOC request that an evidentiary hearing be convened if the Commission is inclined to deny Comverge's Application. The Committee requests an evidentiary hearing in the event the Commission does not dismiss Comverge's Application on jurisdictional grounds and, further, finds the written submissions in this docket inadequate to approve the Application. As previously noted, we deny the Committee's Motion to Dismiss. We also find the written record in this docket adequate for us to evaluate Comverge's Application. Accordingly, we deny all requests for a hearing in this case.

Accordingly, IT IS ORDERED THAT:

(1) Comverge's Application to continue offering the demand response programs it currently provides within APCo's service territory is hereby approved, subject to Comverge's full compliance with all of Staff's reporting recommendations, as listed above, which are hereby accepted and approved.

(2) Comverge shall submit its first annual report no later than June 30, 2011, to the Commission's Divisions of Energy Regulation and Economics and Finance, and subsequent reports shall be submitted no later than June 30 for each year in which Comverge continues to provide demand response programs to retail customers in APCo's service territory.

(3) The Committee's Motion to Dismiss is denied.

(4) All requests for an evidentiary hearing are denied.

(5) There being nothing further to come before the Commission, this case is hereby dismissed.

CASE NO. PUE-2010-00010
SEPTEMBER 3, 2010

APPLICATION OF
CPOWER, INC.

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 February 5, 2010, CPower, Inc. ("CPower" or the "Company"), filed an application ("Application") with the State Corporation Commission ("Commission") for approval of demand response programs to be offered to retail customers in the Appalachian Power Company ("APCo") service territory. The Company's Application is filed pursuant to Section 3 of Chapters 752 and 855 of the 2009 Acts of the Virginia General Assembly ("Section 3"), which states as follows:

> 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.

The Application seeks authority for CPower to continue to market and provide demand response programs through individual customer contracts in the APCo service territory. Among other things, CPower states: (i) that it is an active Curtailment Service Provider ("CSP") in the demand response programs of the regional transmission entity PJM Interconnection, LLC ("PJM"); (ii) that it "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) that it "installs metering and control equipment to enable the customer to curtail, aggregates its customers' load to meet its obligations to PJM, submits the verification of demand reductions for payment by PJM, and receives payments from PJM on behalf of its customers."[1]

On February 26, 2010, the Commission issued an Order Inviting Comments in this proceeding that allowed interested persons an opportunity to participate as respondents and to file comments and request a hearing on the Company's Application. On or before May 14, 2010, comments and notices of participation were received from: APCo; EnergyConnect, Inc. ("EnergyConnect"); EnerNOC, Inc. ("EnerNOC"); Comverge, Inc. ("Comverge"); Energy Curtailment Specialists, Inc. ("ECS"); and the Old Dominion Committee for Fair Utility Rates ("Committee"). Wal-Mart Stores East, LP and Sam's East, Inc. (collectively, "Wal-Mart") filed a notice of participation.

In its comments, APCo raises concerns about the requested approval but concludes that it neither opposes nor supports CPower's Application. APCo states that it is unable to capture from such third-party demand response programs certain benefits of load curtailment. APCo indicates that, under PJM's capacity market, participation by APCo's customers in demand response programs offered by third-party providers, such as CPower, cannot be counted toward its capacity obligation, which is met through PJM's Fixed Resource Reliability alternative. Additionally, APCo expresses concern that CPower's proposal could result in higher costs for APCo and its customers in the long run. APCo also questions the sufficiency of information provided in the Application.

EnergyConnect, EnerNOC, Comverge, and ECS, which, like CPower, operate as CSPs within the PJM region and elsewhere, support CPower's Application because they believe it is likely to lead to more demand response within APCo's service territory. The CSPs state, among other things, that an increase in demand response within APCo's service territory would potentially reduce APCo's monthly peak and its member load ratio ("MLR") within the American Electric Power Company ("AEP") pool of operating companies. According to the CSPs, a reduction in APCo's MLR would reduce capacity equalization payments by APCo to other AEP operating companies, thereby providing benefits to APCo customers that participate in demand response programs and those that do not. The CSPs also cite to the ability of demand response to lower energy and capacity prices within the PJM region. Finally, the CSPs request that an evidentiary hearing be convened if the Commission is inclined to reject the Application.

The Committee, in its comments, asks that the Commission dismiss the Application for lack of jurisdiction based on the Committee's assertion that:

> the Application does not involve a demand response program *proposed to be offered* to retail customers. Rather, the Application involves an *existing* demand response program that *already* is offered by PJM, not by CSPs. The CSPs merely serve as a conduit for participating in the demand response program that is offered by PJM: the CSPs do not establish any of the rules, terms, or conditions for participating in such programs.[2]

The Committee further asserts that regulation of CSPs under Section 3 is "not needed" because the Federal Energy Regulatory Commission ("FERC") and the Virginia General Assembly have already determined that the PJM demand response programs are in the public interest.[3] "If the Commission determines that it should exercise jurisdiction over the Application," the Committee supports its approval.[4] Finally, the Committee requests an evidentiary hearing on the Application but only in the event that "the Commission does not dismiss the Application for lack of jurisdiction, and if the Commission determines that it cannot approve the Application based solely on written submissions in this docket."[5]

On May 27, 2010, CPower filed responsive comments that largely address the concerns raised by APCo in its comments. CPower asserts that APCo's concerns are unwarranted and identifies various benefits of demand response in further support of its requested approval.

In addition to comments, as discussed above, the Committee filed, on April 30, 2010, a Motion to Dismiss the Application. In its Motion to Dismiss, the Committee advances jurisdictional arguments similar to those raised separately in its comments. The Committee concludes that ". . . nothing in Section 3 . . ., and nothing in state policy or prior Commission precedent supports a finding that Virginia laws or regulations do not permit a retail customer to participate in PJM demand response programs."[6]

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[1] Application at 1-2.

[2] Committee's Notice of Participation as Respondent, Comments, and Request for Hearing at 3 (internal quotations omitted) (emphasis in original).

[3] *Id*. at 3-4.

[4] *Id*. at 4-5.

[5] *Id*. at 5.

[6] Committee's Motion to Dismiss at 3.

On May 20, 2010, Wal-Mart filed a response to the Committee's Motion to Dismiss in which Wal-Mart supports dismissal of CPower's Application for the reasons stated in the Committee's Motion to Dismiss. Additionally, Wal-Mart states that scrutiny of existing demand response programs "could have an unintended restrictive impact on the availability of demand response programs to customers like Wal-Mart in Virginia" and "FERC has recognized that aggregators such as the Applicant remove an important barrier to the market for demand response."[7] Wal-Mart requests that the Commission grant the Committee's Motion to Dismiss or, in the alternative, approve CPower's Application.

On May 20, 2010, the Commission's Staff ("Staff") filed a response to the Committee's Motion to Dismiss in which Staff recommends that the Committee's Motion to Dismiss be denied. Staff asserts that the Company's proposal is the type contemplated by the Virginia General Assembly's enactment of Section 3. In support of its position, Staff cites to the Section 3 requirement for a determination of whether a proposed program is a "capacity resource" and indicates that "CSPs aggregate the resources of their retail customers to register as capacity resources and bid those resources into PJM's markets. But the PJM programs themselves are not capacity resources."[8] Additionally, Staff indicates that the Committee's proposed distinction between "existing" and "new demand response programs offered after some unspecified date" is inconsistent with the grandfather clause of Section 3, which references only "contracts" executed prior to July 1, 2009.[9] Finally, Staff cites to FERC Order Nos. 719 and 719-A and states that the issue of retail customers' participation in demand response programs has been left for the States to decide.

On June 4, 2010, the Committee filed a reply to the responses to its Motion to Dismiss. The Committee's reply focuses largely on the issue of whether the programs offered by the Company are, in their own right, demand response programs or whether CSPs, such as CPower, serve as a mere conduit for customer participation in PJM programs. The Committee argues that not treating CSPs as conduits of the PJM program: (i) is inconsistent with FERC Order No. 719-A; (ii) is inconsistent with the plain language of Section 3; (iii) is inconsistent with Staff's evaluation of CSPs in a representative Staff Report; and (iv) would result in disparate treatment of CSP customers. However, the Committee "concedes … that its reading of Section 3 would result in Section 3 applying to non-utility [sic] demand response programs that are not PJM demand response programs, and the universe of such programs is presently hard to discern."[10] The Committee's reply also asserts that "regulation of the CSPs in APCo's territory is unwise."[11]

On June 11, 2010, the Staff filed its report on the Application ("Staff Report") in which it concludes that: (i) "CPower is technically qualified as a nonutility demand response provider and has the necessary resources for providing such services"; (ii) "CPower has the financial resources necessary to provide the proposed services"; and (iii) "CPower offers programs that are effective, reliable, measurable and verifiable as a demand response resource."[12] Staff further concludes that the public interest implications of CPower's programs may vary depending on the perspective from which they are viewed. According to Staff:

> The provision of demand response services in APCo's service territory by nonutility providers may have a positive impact on the PJM region as a whole while possibly having an adverse impact on AEP and its nonparticipating customers. It does not necessarily follow, however, that APCo will be harmed as a stand-alone entity.[13]

Staff recommends that Commission approval of the Application be conditioned on the Company providing an annual report demonstrating its continued qualifications and includes in the Staff Report specific recommendations for such a reporting requirement.

On June 18, 2010, CPower filed comments in response to the Staff Report. CPower stresses the economic development benefits of demand response payments to retail customers. The Company agrees with Staff that increased demand response from nonutility CSPs may not harm APCo as a stand-alone entity and indicates that participation in demand response programs offered by CSPs results in benefits to nonparticipating customers. CPower further asserts that "[i]ncreased demand response is explicit public policy in Virginia."[14] Finally, the Company concludes that it does not object to the reporting requirements proposed by Staff but requests that the Commission consider those reports as "extraordinarily sensitive information under Rule 5 VAC 5-20-170 in order to maintain the confidentiality of the information."[15]

NOW THE COMMISSION, having considered 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 geographic area of the Commonwealth.[16] We have evaluated CPower's Application and find that it should be approved, subject to the conditions set forth herein.

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[7] Wal-Mart's Response to Motion to Dismiss at 3.

[8] Staff's Response to Motion to Dismiss at 4.

[9] *Id*. at 6.

[10] Committee's Reply to Responses to Motion to Dismiss at 10.

[11] *Id*. at 8.

[12] Staff Report at 15.

[13] *Id*.

[14] CPower's June 18, 2010 Comments at 6.

[15] *Id*. at 7-8.

[16] 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 described by Section 3.

Motion to Dismiss

As a preliminary matter, we deny the Committee's Motion to Dismiss. We agree with Staff that the demand response "program[s]" to be evaluated under Section 3 are "the actual products and services offered . . . to retail customers" and that the programs proposed to be offered by the Company are not the same as the PJM platforms for demand response.[17] Section 3 contemplates Commission consideration of demand-side resources capable of functioning as capacity. Staff cites to, and no party has rebutted, provisions of the PJM Open Access Transmission Tariff and Reliability Assurance Agreement as evidence that the PJM platforms are not "capacity resource[s]."[18] Put simply, although the PJM demand response platforms may also be referred to as programs, they are not the "program[s]" that Section 3 directs us to evaluate. Moreover, the Committee's legal interpretation would appear to render meaningless Section 3, either in part or in its entirety. Indeed, as the Committee concedes, "the universe of such programs" provided by nonutility providers to which Section 3 would apply under the Committee's interpretation "is presently hard to discern."[19]

Application

Based on the record, we find that the Company currently possesses both the technical and financial qualifications necessary to support the demand response programs it proposes to continue offering within APCo's service territory.[20] We further find that the programs, as they are currently provided by the Company, have been effective, reliable and verifiable as capacity resources.[21] That, in order to participate in PJM's markets, the Company and its programs have thus far been able to satisfy certain financial and technical requirements of PJM is relevant to, but is not dispositive of, our determination herein.

Additionally, we find approval of the Company's programs to be in the public interest, subject to the reporting requirements recommended by Staff and unopposed by the Company.[22] In reaching this conclusion, we have considered, among other things, the demand response benefits provided or potentially provided both regionally and locally, as cited by Staff and the parties to this proceeding.[23]

Given the legislative emphasis on the effectiveness, reliability, and verifiability of demand response programs subject to Section 3, we find that the public should be provided reasonable assurance – beyond the snapshot in time presented in this proceeding – that the Company's programs continue to contribute positively to system reliability. The need for regular reporting to demonstrate the continuing qualifications of the Company and its programs is reinforced by the evolving, if not increasing, role of demand response providers and their services.[24] Accordingly, it is only subject to such reporting that we find the provision of the demand response programs offered by the Company to be in the public interest.[25]

CPower shall be required to provide the following information annually:

1) A list of states in which CPower, or an affiliate of CPower, conducts business related to curtailment services;

2) Disclosure of any affiliate relationship with a local electric distribution company or other CSP that conducts business in Virginia;

3) A copy of CPower's audited balance sheet and income statement for the most recent fiscal year. If not available, other financial information that demonstrates CPower's financial ability to continue to provide demand response services in Virginia;

4) Demonstration that CPower has adequate commercial liability insurance commensurate with the business being conducted in Virginia;

5) Disclosure of any (i) civil, criminal, or regulatory sanctions or penalties imposed or in place within the previous five years against CPower, any of its affiliates, or any officer, director, partner, or member pursuant to any state or federal consumer protection law or regulation; and (ii) any felony convictions within the previous five years, which relate to the business of the Company or to an affiliate thereof, of any officer, director, partner, or member;

[17] Staff's Response to Motion to Dismiss at 3-5.

[18] *Id*. at 4, n.6.

[19] Committee's Reply to Responses to Motion to Dismiss at 10.

[20] *See*, *e.g*., Staff Report at 2-8.

[21] *See*, *e.g.*, *id*. at 7-12.

[22] *Id*. at 12-15; CPower's June 18, 2010 Comments at 7-8.

[23] *See*, *e.g.*, Staff Report at 13; CPower's June 18, 2010 Comments at 2-3; EnergyConnect's Comments at 4-6. We are also mindful of the Committee's concern that "APCo's customers will be harmed if their demand response options … are restricted through the elimination of viable and active CSPs." Committee's Comments at 5.

[24] Application at 5.

[25] Based on the competitive concerns raised by the Company, we direct Staff to maintain these reports as confidential information and to withhold their contents from public disclosure. Such reports shall be handled consistent with all the provisions of 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, including the provisions for individually marking pages or documents that contain confidential information, for maintaining confidential information, and for challenging confidential designations.

6) Disclosure of whether CPower has ever been denied authority to provide demand response services and whether any authority issued to it or an affiliate has ever been suspended or revoked and whether other sanctions have been imposed; and

7) Disclosure of any incurrence of penalties from PJM, curtailment test failures or failures to meet committed curtailments during curtailment events.

We direct Staff to monitor these reporting requirements and to advise us of any information that materially affects the qualifications of CPower or its programs under the standards of Section 3.

Requests for Hearing

EnergyConnect, ECS, Comverge, and EnerNOC request that an evidentiary hearing be convened if the Commission is inclined to deny CPower's Application. The Committee requests an evidentiary hearing in the event the Commission does not dismiss CPower's Application on jurisdictional grounds and, further, finds the written submissions in this docket inadequate to approve the Application. As previously noted, we deny the Committee's Motion to Dismiss. We also find the written record in this docket adequate for us to evaluate CPower's Application. Accordingly, we deny all requests for a hearing in this case.

Accordingly, IT IS ORDERED THAT:

(1) CPower's Application to continue offering the demand response programs it currently provides within APCo's service territory is hereby approved, subject to CPower's full compliance with all of Staff's reporting recommendations, as listed above, which are hereby accepted and approved.

(2) CPower shall submit its first annual report no later than June 30, 2011, to the Commission's Divisions of Energy Regulation and Economics and Finance, and subsequent reports shall be submitted no later than June 30 for each year in which CPower continues to provide demand response programs to retail customers in APCo's service territory.

(3) The Committee's Motion to Dismiss is denied.

(4) All requests for an evidentiary hearing are denied.

(5) There being nothing further to come before the Commission, this case is hereby dismissed.

CASE NO. PUE-2010-00011
MARCH 5, 2010

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For authority to issue debt and preferred securities

ORDER GRANTING AUTHORITY

On February 9, 2010, Virginia Electric and Power Company ("Virginia Power" or "Applicant") filed an application with the State Corporation Commission ("Commission") under Chapters 3 and 4 of Title 56 of the Code of Virginia requesting authority to issue debt and preferred securities. Applicant has paid the requisite fee of $250.

Virginia Power proposes to issue up to $3 billion in aggregate principal amount of its Senior Notes, Junior Subordinated Notes, Sub-Junior Subordinated Notes and preferred securities (collectively "the Securities"). Virginia Power also proposes to issue debt to its parent, Dominion Resources, Inc. ("DRI") which, according to Virginia Power, would in all material aspects mimic the provisions of similar debt issued to the capital markets by DRI. Virginia Power states that the Securities will be issued over a two-year period.

In conjunction with the issuance of the Securities, Virginia Power also proposes to establish a Trust Financing Facility ("Trust"). According to Virginia Power, the Trust will exist only for the purpose of issuing its own preferred and common securities, investing the proceeds from the sales in Virginia Power's Junior Subordinated Notes and/or Sub-Junior Subordinated Notes and conducting other incidental activities. Since the Trust will be an affiliate of Virginia Power, the Applicant has sought approval under Chapter 4 of Title 56 of the Code of Virginia.

The Securities may 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 placement with financial institutions, depending on the most economically desirable circumstances at the time of issuance. The Securities may also be sold directly to purchasers or through agents at market rates.

The proceeds from the Securities 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. Applicant proposes to limit such authority in a manner similar to that authorized by the Commission in Case No. PUF-1997-00017.

THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest. Accordingly,

IT IS ORDERED THAT:

(1) Applicant is hereby authorized to: (a) issue up to $3 billion in aggregate of its Securities, and (b) establish a Trust for the issuance of securities, under the terms and conditions and for the purposes set forth in the application through February 28, 2012, provided that any refinancing results in demonstrated cost savings to Virginia Power.

(2) Applicant shall submit a preliminary report of action within ten days after the issuance of any 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 Applicant.

(3) Within 60 days of the end of the calendar quarter in which Securities are issued, Applicant shall file a more detailed report to include the information required in Ordering Paragraph (2), 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 refunded securities, use of proceeds, and a balance sheet reflecting the actions taken.

(4) On or before April 30, 2012, Applicant shall file a final report of action to include all information required in Ordering Paragraph (3) which incorporates then-current actual expenses and fees paid for the proposed Securities issuances.

(5) The authority granted herein shall have no implications for ratemaking purposes.

(6) The authority granted herein shall not preclude the Commission from applying the provisions of § 56-78 and § 56-80 of the Code of Virginia hereafter.

(7) The Commission reserves the right, pursuant to § 56-79 of the Code of Virginia, to examine the books and records of any affiliate in connection with the authority granted herein, whether or not such affiliate is regulated by this Commission.

(8) This matter shall remain under the continued review, audit and appropriate directive of the Commission.

CASE NO. PUE-2010-00012
OCTOBER 21, 2010

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY D/B/A DOMINION VIRGINIA POWER

For approval and certification of electric facilities: Landstown – Virginia Beach 230 kV transmission line rebuild

FINAL ORDER

On March 1, 2010, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or "Company") filed with the State Corporation Commission ("Commission") an application for Approval and Certification of Electric Facilities: Landstown - Virginia Beach 230 kV Transmission Line Rebuild, Application No. 246 ("Application"). Prepared testimony, exhibits, copies of correspondence, and other materials were filed in support of the Company's Application.

The Company's Application requests authority to rebuild an existing double-circuit transmission line operating at 115 kV in Virginia Beach between Landstown Substation and Virginia Beach Substation for operation of one circuit at 115 kV and one circuit at 230 kV.[1] Modifications would be made within the existing substations to accommodate the change in voltage. The rebuilding would extend for approximately 11 miles, and no new right-of-way would be required.

The existing lattice towers, which support the 115 kV lines, would be replaced with new double-circuit weathering steel H-frame transmission structures located entirely within existing right-of-way.

Existing conductors for one line would be replaced with 1-2500 ACAR 84/7 conductors, to be operated at 230 kV. The conductors for the other 115 kV line supported by the existing towers would also be replaced with 1-2500 ACAR 84/7 conductors but operated at 115 kV.[2]

According to Dominion Virginia Power, in December 2009, load flow models identified the need for the construction of the rebuilt Landstown – Virginia Beach 230 kV line to relieve identified violations of mandatory North American Electric Reliability Corporation ("NERC") Reliability Standards beginning in May 2012. If not relieved, the Company believes that the identified reliability violations will impact service reliability. Dominion Virginia Power further asserts that the Project is necessary to maintain the structural integrity of the Company's transmission system in Virginia Beach.[3]

On March 24, 2010, the Commission entered an Order for Notice that docketed the Application as Case No. PUE-2010-00012; directed Dominion Virginia Power to provide public notice of its Application; invited interested persons to file written comments and/or requests for hearing on the

[1] The proposed transmission line rebuild will be referred to throughout this Order as the "Project."

[2] Application at 2.

[3] *Id.* at 3-5.

Application; ordered the Commission Staff ("Staff") to investigate the Application and to file a report ("Staff Report") containing its findings and recommendations; and allowed Dominion Virginia Power to respond to the Staff Report and any public comments or requests for hearing.

On May 18, 2010, the Department of Environmental Quality ("DEQ") filed its coordinated environmental review ("DEQ Report") of the Project. After conducting their coordinated environmental review of the proposed transmission line rebuild, the DEQ, other state and local agencies and commissions reviewing the Project, the Virginia Outdoors Foundation, and the City of Virginia Beach recommended that several mitigation measures be implemented by Dominion Virginia Power in order to lessen the impact on the environment and historic resources in the area. While the DEQ's Office of Wetlands and Water Protection does not oppose the Company's proposed transmission line and substation, it made several recommendations to mitigate the impact of the Project on wetlands and streams, as well as identified certain permits that may be required for the Project.[4]

On July 7, 2010, Staff filed its Staff Report summarizing the results of its investigation of the Company's Application. The Staff Report found that "the Company has reasonably demonstrated the need for the proposed Landstown-Virginia Beach double-circuit 230 kV transmission line between Landstown Substation and Virginia Beach Substation" and that "[s]ince the proposed route utilizes existing right-of-way, the . . . proposed routing is optimal."[5]

No comments or requests for hearing were filed by interested persons.

On July 21, 2010, the Company filed its comments on the Staff and DEQ Reports. In its comments, Dominion Virginia Power agreed with the findings and recommendations in the Staff Report. The Company's comments also reiterated its assertion in its Application that Commission approval is not required for the Project.[6] The Company's comments also addressed the Staff's cost comparison calculation for underground pilot projects for purposes of House Bill 1319, which was enacted by the Virginia General Assembly for the placement of qualifying electric transmission lines of 230 kV or less, in whole or in part, underground.[7] The Company agreed with the Staff Report's assessment that "the option of undergrounding two 230 kV circuits as a pilot program [under House Bill 1319] is not reasonable,"[8] but disagreed with the cost comparison calculation provided in the Staff Report. The Company's comments also addressed the Staff's suggestion that the use of galvanized steel and non-reflective conductors would reduce the visual impact of the proposed transmission line in residential areas.[9] While Dominion Virginia Power did not challenge the Staff's suggestion that galvanized steel structures and non-reflective conductors would reduce the visual impact of the project, the Company explained that it "chose Corten structures over galvanized steel because they are less expensive and their maintenance costs are lower and because the existing towers being replaced by the Rebuild Project are weathering steel."[10] Moreover, the Company stated that the aluminum conductor that it proposes for the line will "dull naturally under normal atmospheric conditions," thereby further reducing the visual impact of the proposed line.[11]

The Company's comments also opposed two of the recommendations contained in the DEQ Report. First, the Company opposed the Virginia Department of Game and Inland Fisheries' ("VDGIF") recommendation that the Company be required to "[m]aintain undisturbed wooded buffers of at least 100 feet in width around all on-site wetlands and on both sides of all perennial and intermittent streams."[12] Dominion Virginia Power opposed the recommendation "because it presents safety and service reliability concerns and would violate the Company's Transmission Vegetation Maintenance Program ("TVMP"), established in compliance with FAC-003-1, the mandatory federal standard for transmission line vegetation management."[13]

The Company also opposed the VDGIF's recommendation that the Company "[a]dhere to a time-of-year restriction from March 15 through August 15 of any year for tree removal and ground clearing in order to protect nesting resident and migratory songbirds."[14] The Company claimed the VDGIF's recommendation is unreasonable because "it would prevent right-of-way vegetation management activities for almost half the year during months when they are most appropriately conducted" and because "[t]he Company must . . . conduct its right-of-way vegetation management activities year round in order to . . . comply with the TVMP and FAC-003-1, which require maintenance at regular intervals and annual patrols that could require additional

[4] DEQ Report, letter from Michelle Henicheck, PWS, Wetland Ecologist, to Ellie Irons, Office of Environmental Impact Review, Department of Environmental Quality, dated March 9, 2010 (adopting recommendations provided in February 11, 2010, letter from Michelle Henicheck, PWS, Wetland Ecologist, to Diana T. Faison, Siting and Permitting Specialist, Dominion Virginia Power).

[5] Staff Report at 17.

[6] *See* Application at Addendum to Appendix Section I.A. In its Application, Dominion Virginia Power noted that the Commission granted a certificate of public convenience and necessity to construct and operate the 1968 line at 230 kV by its July 16, 1968 Order Instituting Supplemental Proceeding and Granting Amended Certificates in Case No. 11655. The Company further noted that by filing an application in this proceeding that it does not indicate that Commission approval is required to rebuild and operate the 1968 line at the previously approved 230 kV voltage.

[7] 2008 Va. Acts ch. 799.

[8] Staff Report at 9.

[9] *See* Staff Report at 10.

[10] Dominion Virginia Power Comments at 7.

[11] *Id*. at 6.

[12] DEQ Report at 22.

[13] Dominion Virginia Power Comments at 7-8.

[14] DEQ Report at 22.

corrective maintenance."[15] The Company stated, however, that it "can accommodate time-of-year restrictions for clearing activities in those areas where threatened species are found."[16]

The Company's comments further stated that "[a]s a result of recent discussions between the Company and [the V]DGIF regarding the Company's concerns detailed above, [the V]DGIF delivered a letter to the Company, dated July 15, 2010, indicating that [the V]DGIF supports 'the State Corporation Commission's removal of these two conditions from Dominion's permit for the referenced project.'"[17]

Finally, the Company stated that it "intends to coordinate with the Virginia Department of Transportation and the City of Virginia Beach regarding transportation improvement projects as recommended on page 7 of the DEQ Report."[18] However, regarding the additional recommendations made by the City of Virginia Beach regarding demolition and building permits, site clearing permits, potential wetlands impacts, and a public information meeting,[19] the Company notes that "§ 56-46.1 F of the Code of Virginia provides that Commission approval of a transmission line is 'deemed to satisfy the requirements of § 15.2-2232 and local zoning ordinances with respect to such transmission line.'"[20]

NOW THE COMMISSION, having considered the Company's Application, the Staff and DEQ Reports, the Company's comments, and the applicable law, is of the opinion and finds that Dominion Virginia Power's Application to construct and operate the proposed 230 kV transmission line in the City of Virginia Beach is justified by the public convenience and necessity and that a certificate of public convenience and necessity should be issued authorizing the construction and operation of the proposed Project.[21]

Approval

The statutory scheme governing the Company's Application is found in several chapters of Title 56 of the Code of Virginia ("Code"). Section 56-265.2 A of the Code provides that "[i]t 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 (i) shall consider the effect of the proposed facility on economic development within the Commonwealth and (ii) shall consider any improvements in service reliability that may result from the construction of such facility.

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."

Finally, the Code 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

According to the Company's Application, the proposed transmission line is needed to continue to meet the Company's transmission planning standards governing the reliability of the bulk power system serving the Company's Virginia Beach load area and to relieve identified violations of mandatory NERC Reliability Standards beginning in May 2012. The Staff reviewed the Company's load flow studies and concluded that the load flow modeling and reliability needs presented by the Company to justify the Project are reasonable. Accordingly, the evidence in this case is undisputed that there is a need to construct and operate the proposed 230 kV transmission line.

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[15] Dominion Virginia Power Comments at 11-12.

[16] *Id*. at 12.

[17] *Id*. at 13.

[18] *Id*.

[19] *See* DEQ Report at 26-27.

[20] Dominion Virginia Power Comments at 13.

[21] Having made this finding, we do not reach the question of whether the previously granted 1968 certificate encompasses the Project.

Economic Development and Service Reliability

According to the Company's Application, the proposed transmission line is necessary to provide reliable electric service to its customers in Virginia Beach consistent with NERC Reliability Standards for transmission facilities and the Company's planning criteria and to maintain the structural integrity of the Company's transmission system in Virginia Beach. The Staff Report agreed that there is a need for the Project to resolve reliability violations such as thermal overloading and unacceptably low voltages following the unexpected outages of certain transmission components. The Staff concluded that the Project would resolve all the Company's listed reliability deficiencies.

Based on the record in this case, it is undisputed that the transmission line rebuild between Landstown Substation and Virginia Beach Substation is needed to maintain the current and future reliability of the electrical system of Dominion Virginia Power given the load growth projected in the Virginia Beach area. In addition, the Project will promote economic development in the area by allowing sufficient supplies of electrical power to be delivered to the eastern part of Virginia Beach, which consists of a highly developed mixed commercial and residential community as well as a number of military operations including the Oceana Naval Air Station and Camp Pendleton. We therefore find that the Project is necessary to assure the continued reliability of the electrical system of Dominion Virginia Power, and the Project will promote future economic development in the Virginia Beach area.

Scenic Assets, Historic Districts, and Existing Right-of-Way

The Company's Application included assessments of the environmental, architectural, and historic resources that could be potentially impacted by the proposed transmission line rebuild. The record reveals that the Project will be located in an area that is comprised of a highly developed mixed commercial and residential community with both single family and multi-family housing. Although the Company's Application indicates there are a total of 1,860 dwellings located within 500 feet of the transmission line, it is not aware of any buildings that will be demolished if the existing transmission line facilities are rebuilt as proposed. However, the Company does indicate that there are a number of encroachments on the existing right-of-way, such as above-ground pools and sheds as well as a long-term storage of camping trailers at the Holiday Trav-L Park Campground, which would need to be removed or relocated before beginning construction of the Project. As noted in the Staff Report," the Company proposes to remove its existing double-circuit 115 kV transmission line between Landstown Substation and Virginia Beach Substation, a distance of approximately 11 miles, and replace it with a new double-circuit 230 kV line."[22] As further explained in the Staff Report, the current double-circuit lattice towers will be removed and replaced with new double-circuit weathering steel H-frame transmission structures that will be located entirely within the existing right-of-way. Accordingly, there should be very little, if any, additional scenic impacts associated with the new transmission line.

The Company identified one historical resource, the historic Norfolk and Virginia Beach Railroad, located partly within the existing right-of-way. However, the architectural site already contains existing double circuit transmission facilities and is not expected to be adversely impacted by the Project.

Accordingly, we find that the proposed transmission line will have little, if any, adverse impacts on the scenic and historic resources in the Project area. Moreover, since the transmission line will be built entirely on existing right-of-way, any scenic impacts of the transmission line will be minimized to the extent practicable.

Environmental Impact

Under §§ 56-46.1 A and B of the Code, the Commission is required to consider the 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 Project by state agencies concerned with environmental protection.

In order to assist the Commission with its review of the potential impacts of the proposed transmission line, the DEQ filed its coordinated environmental review recommending that the Company undertake the following actions when constructing the transmission line:

- Follow DEQ's recommendations to minimize impacts to wetlands and streams (Environmental Impacts and Mitigation, item 1(d), pages 9-10).
- Conduct an environmental investigation, if not already done, on and near the property to identify any solid or hazardous waste sites or issues before work can commence. 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(f), page 15).
- Coordinate with the Department of Conservation and Recreation (DCR) for updates to the Biotics Data System database if a significant amount of time passes before the project is implemented; follow DCR's recommendations to protect vegetation and the habitat of listed species, including the Eastern big-eared bat; and promote native vegetation (Environmental Impacts and Mitigation, item 8(e), page 20).
- Conduct an inventory in the study area due to the potential for the project site to support Little Metalmark and Southeastern Cane Borer Moth and coordinate with DCR regarding inventory results (Environmental Impacts and Mitigation, item 8(e), page 20).
- Coordinate with the Center for Conservation Biology and the Department of Game and Inland Fisheries (DGIF), if applicable, regarding new bald eagle nests if discovered during recent surveys and coordinate with DGIF regarding its recommendations to minimize impacts to wildlife (Environmental Impacts and Mitigation, item 9(c), pages 21-22).
- Train contractors regarding the canebrake rattlesnake and coordinate, as necessary, with DGIF to ensure the safe capture and relocation of the protected species (Environmental Impacts and Mitigation, item 9(c), page 22).
- Coordinate with the Department of Historic Resources (DHR) and conduct archaeological and architectural surveys (Environmental Impacts and Mitigation, item 11(d), page 23).

[22] Staff Report at 1.

- Coordinate with the Virginia Department of Transportation (VDOT) and the City of Virginia Beach regarding transportation improvement projects (Environmental Impacts and Mitigation, item 12(d), page 24).
- Complete a 7460-1 form and submit it to the Federal Aviation Administration (Environmental Impacts and Mitigation, item 13(b), page 25).
- Notify water supply sources identified by the Virginia Department of Health and allow these entities an opportunity to comment on the scope of the project (Environmental Impacts and Mitigation, item 14(c), page 25).
- Follow the principles and practices of pollution prevention to the maximum extent practicable (Environmental Impacts and Mitigation, Item 15, pages 25-26).
- Limit the use of pesticides and herbicides to the extent practicable (Environmental Impacts and Mitigation, item 16, page 26).

The Company indicated that it intended to comply with all of the DEQ recommendations with the exception of the VDGIF's recommended buffer zone for wetlands and streams and VDGIF's recommended time-of-use restriction. However, since the VDGIF subsequently withdrew these two recommendations after consulting with Dominion Virginia Power, there is no need for the Commission to address these recommendations at this time.

Alignment of the Proposed Transmission Line

The Company did not consider any routing alternatives for its proposed transmission line since it will be located entirely on existing right-of-way. The Staff Report concluded that "[s]ince the proposed route utilizes the existing right-of-way . . . the proposed routing is optimal."[23] We approve the proposed route of the transmission line.

Accordingly, IT IS ORDERED THAT:

(1) As proposed in the Application, Dominion Virginia Power is authorized to construct and operate in the City of Virginia Beach a new 230 kV double circuit transmission line, approximately 11 miles in length, between the Company's existing Landstown Substation and Virginia Beach Substation.

(2) Pursuant to §§ 56-46.1, 56-265.2 and related provisions of Title 56 of the Code, Dominion Virginia Power's Application for a certificate of public convenience and necessity to construct and operate a new 230 kV double circuit transmission line in the City of Virginia Beach is granted, as provided for herein, and subject to the requirements set forth in this Order.

(3) Pursuant to the Utility Facilities Act, Chapter 10.1 (§§ 56-265.1 *et seq.*) of Title 56 of the Code, Dominion Virginia Power is issued the following certificate of public convenience and necessity:

> Certificate No. ET-95w, which authorizes Dominion Virginia Power under the Utility Facilities Act to operate presently certificated transmission lines and facilities in the City of Virginia Beach, all as shown on the detailed map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2010-00012, and cancels Certificate No. ET-95v, issued to Dominion Virginia Power on October 31, 2008 in Case No. PUE-2007-00020.

(4) The Commission's Division of Energy Regulation shall forthwith provide the Company a copy of the certificate issued in Ordering Paragraph (3) above with the detailed map attached.

(5) The transmission line Project approved herein must be constructed and in service by December 31, 2012; 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 herein placed in the file for ended causes.

[23] Staff Report at 17.

CASE NO. PUE-2010-00013
FEBRUARY 17, 2010

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 2010-2011 FUEL FACTOR PROCEEDING

On February 12, 2010, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP" or "Company") filed with the State Corporation Commission ("Commission") its application, written testimony, and exhibits ("Application") proposing to decrease its fuel factor from 3.213¢ per kilowatt-hour ("kWh") to 2.519¢ per kWh, effective for service rendered on and after April 1, 2010. According to KU/ODP's Application, fuel expense for Virginia jurisdictional customers is expected to decrease from $26.8 million for the period April 2009 through March 2010 and to $24.6 million for the period April 2010 through March 2011.[1] The Company's proposed fuel factor includes both an in-period factor and a correction factor. The Company's

[1] Application at 4.

proposed in-period factor of 2.799¢ per kWh is based on forecast average fuel costs of $25.89 per megawatt-hour. This is a reduction from the in-period fuel factor effective as of May 21, 2009, which was 2.960¢ per kWh based on average projected fuel costs of $27.83 per megawatt-hour.[2] The Company asserts in its Application that this decrease of .161¢ per kWh is equivalent to a decrease of $1.61 per month for a customer using 1,000 kilowatt hours.[3]

KU/ODP also proposes to decrease its correction factor from a charge of .253¢ per kWh effective as of May 21, 2009, to a credit of .280¢ per kWh for the period April 1, 2010, through March 31, 2011.[4] The Company asserts in its Application that this reduction is equivalent to a decrease of $5.33 per month for a customer using 1,000 kilowatt hours.[5]

KU/ODP advises that the Company is in an over-recovery position as the result of (1) fully recovering the under-recovery position from prior proceedings and (2) actual fuel expense for the 2009 calendar year being lower than the amount forecasted by the Company in Case No. PUE-2009-00008.[6] KU/ODP states in its Application that the combination of adjustments to the in-period factor and correction factor results in the proposed fuel factor of 2.519¢ per kWh, which is a decrease of .694¢ per kWh from the current fuel factor. The Company asserts that this reduction equates to a total decrease of $6.94 per month for a customer using 1,000 kilowatt hours.[7]

NOW THE COMMISSION, having considered the Company's Application, is of the opinion and finds that this matter should be docketed and assigned to a Hearing Examiner to conduct all further proceedings pursuant to Rule 5 VAC 5-20-120 A of the Commission's Rules of Practice and Procedure; that a hearing should be scheduled to consider the Company's Application; that public notice and an opportunity for participation in this proceeding should be given; and that the Company's proposed fuel factor should go into effect on an interim basis for service rendered on and after April 1, 2010.

Accordingly, IT IS ORDERED THAT:

(1) This matter is hereby docketed and assigned Case No. PUE-2010-00013.

(2) Pursuant to Rule 5 VAC 5-20-120 A of the Commission's Rules of Practice and Procedure, a Hearing Examiner is appointed to conduct all further proceedings in this matter.

(3) The Company's proposed fuel factor of 2.519¢ per kWh shall go into effect on an interim basis for service rendered on and after April 1, 2010.

(4) A public hearing shall be convened on March 30, 2010, at 11:30 a.m., in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, to receive evidence related to the establishment of the Company's proposed fuel factor. Any person desiring to offer testimony as a public witness at the hearing concerning the Application need only appear in the Commission's Courtroom at 11:15 a.m. on the day of the hearing and identify himself or herself to the Commission's Bailiff.

(5) The Company shall make copies of the public version of its Application, as well as a copy of this Order, available for public inspection during regular business hours at each of the Company's business offices in the Commonwealth of Virginia. Interested persons may also obtain copies of the same, at no charge, by submitting a written request to counsel for the Company, Kendrick R. Riggs, Esquire, Stoll Keenon Ogden PLLC, 2000 PNC Plaza, 500 West Jefferson Street, Louisville, Kentucky 40202-2828. The Company shall make a copy of its Application and related materials available on an electronic basis upon request. Copies of the public version of the Application, testimony, and schedules, as well as a copy of this Order, shall also 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, between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday. Interested persons may also download unofficial copies from the Commission's website: http://www.scc.virginia.gov/case.

(6) On or before March 4, 2010, the Company shall cause 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 2010-2011 FUEL FACTOR
PROCEEDING FOR OLD DOMINION POWER COMPANY
CASE NO. PUE-2010-00013

On February 12, 2010, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP" or "Company") filed with the State Corporation Commission ("Commission") its application, written testimony, and exhibits ("Application") proposing to decrease its fuel factor from 3.213¢ per kilowatt-hour ("kWh") to 2.519¢ per kWh, effective for service rendered on and after April 1, 2010. According to KU/ODP's Application, fuel expense for Virginia jurisdictional customers is expected to decrease from $26.8 million for the period April 2009 through March 2010 and to $24.6 million for the period April 2010 through March 2011. The Company's proposed fuel factor includes both an in-period factor and a correction

[2] *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*, Case No. PUE-2009-00008, Final Order (May 11, 2009).

[3] Application at 5.

[4] *Id*.

[5] *Id*.

[6] *Id* at 4.

[7] *Id*. at 5.

factor. The Company's proposed in-period factor of 2.799¢ per kWh is based on forecast average fuel costs of $25.89 per megawatt-hour. This is a reduction from the in-period fuel factor effective as of May 21, 2009, which was 2.960¢ per kWh based on average projected fuel costs of $27.83 per megawatt-hour. The Company asserts in its Application that this decrease of .161¢ per kWh is equivalent to a decrease of $1.61 per month for a customer using 1,000 kilowatt hours.

KU/ODP also proposes to decrease its correction factor from a charge of .253¢ per kWh effective as of May 21, 2009, to a credit of .280¢ per kWh for the period April 1, 2010, through March 31, 2011. The Company asserts in its Application that this reduction is equivalent to a decrease of $5.33 per month for a customer using 1,000 kilowatt hours.

KU/ODP advises that the Company is in an over-recovery position as the result of (1) fully recovering the under-recovery position from prior proceedings and (2) actual fuel expense for the 2009 calendar year being lower than the amount forecasted by the Company in Case No. PUE-2009-00008. KU/ODP states in its Application that the combination of adjustments to the in-period factor and correction factor results in the proposed fuel factor of 2.519¢ per kWh, which is a decrease of .694¢ per kWh from the current fuel factor. The Company asserts that this reduction equates to a total decrease of $6.94 per month for a customer using 1,000 kilowatt hours.

The Commission entered an Order for Notice and Hearing ("Scheduling Order") that, among other things, scheduled a public hearing to commence at 11:30 a.m. on March 30, 2010, in the Commission's Second Floor Courtroom, Tyler Building, 1300 East Main Street, Richmond, Virginia, for the purpose of receiving comments from members of the public and evidence related to the approval of the Company's proposed fuel factor. Public witnesses desiring to offer testimony 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 11:15 a.m. on the day of the hearing and register a request to speak with the Commission's Bailiff.

The Company's Application and the Commission's Scheduling Order are available for public inspection during regular business hours at all of the Company's offices where bills may be paid. Interested persons may also review 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, between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday, excluding holidays. A copy may also be obtained, at no cost, by written request to counsel for the Company, 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, 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 interested person may participate as a respondent in this proceeding by filing, on or before March 17, 2010, an original and fifteen (15) copies of a notice of participation as a respondent with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Pursuant to Rule 5 VAC 5-20-80 of the Commission's Rules of Practice and Procedure, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Interested persons shall refer in all of their filed papers to Case No. PUE-2010-00013.

On or before March 17, 2010, each respondent may file with the Clerk of the Commission at the address above an original and fifteen (15) copies of any testimony and exhibits by which it expects to establish its case and shall serve copies of the testimony and exhibits on counsel to the Company at the address above and on all other respondents. In the alternative, testimony and exhibits may be filed electronically as provided by Rule 5 VAC 5-20-140 of the Commission's Rules of Practice and Procedure. Respondents 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*.

On or before March 24, 2010, any interested person may file with the Clerk of the Commission, at the address set forth above, written comments on the Application. On or before March 24, 2010, 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-2010-00013.

Persons commenting electronically need not file comments in writing with the Clerk of the Commission.

KENTUCKY UTILITIES COMPANY
D/B/A OLD DOMINION POWER COMPANY

(7) On or before February 25, 2010, 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 first class mail to the customary place of business or residence of the person served.

(8) On or before March 17, 2010, the Company 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 March 24, 2010, any interested person desiring to file comments on the Company's Application shall file copies of such comments with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. 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.

(10) Any interested person may participate as a respondent in this proceeding by filing, on or before March 17, 2010, an original and fifteen (15) copies of a notice of participation with the Clerk at the address in Ordering Paragraph (9), and shall simultaneously serve a copy of the notice of participation on counsel to the Company at the address in Ordering Paragraph (5). Pursuant to Rule 5 VAC 5-20-80 of the Commission's Rules of Practice and Procedure, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Interested persons shall refer in all of their filed papers to Case No. PUE-2010-00013.

(11) Within five (5) calendar days of receipt of a notice of participation as a respondent, the Company shall serve upon each 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 have already been provided to the respondent.

(12) On or before March 17, 2010, each respondent may file with the Clerk of the Commission an original and fifteen (15) copies of any testimony and exhibits by which it expects to establish its case and shall serve copies of the testimony and exhibits on counsel to the Company and on all other respondents. In the alternative, testimony and exhibits may be filed electronically as provided by Rule 5 VAC 5-20-140 of the Commission's Rules of Practice and Procedure. Respondents 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*.

(13) The Commission Staff shall investigate the Application. On or before March 17, 2010, 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 24, 2010, KU/ODP shall file with the Clerk of the Commission an original and fifteen (15) copies of any rebuttal testimony and exhibits and shall serve a copy on the Staff and all respondents on the same day. In the alternative, rebuttal testimony and exhibits may be filed electronically as provided by Rule 5 VAC 5-20-140 of the Commission's Rules of Practice and Procedure.

(15) The Company and all respondents shall respond to written interrogatories and requests for production of documents within five (5) calendar days after receipt of the same. Except as modified above, discovery shall be in accordance with Part IV of the Commission's Rules of Practice and Procedure.

(16) This matter is continued generally.

CASE NO. PUE-2010-00013
MARCH 31, 2010

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 12, 2010, Kentucky Utilities Company d/b/a Old Dominion Power Company ("Company" or "KU/ODP") filed with the State Corporation Commission ("Commission") its application, written testimony, and exhibits proposing a decrease in its fuel factor from 3.213¢ per kilowatt-hour ("kWh") to 2.519¢ per kWh, effective for service rendered on and after April 1, 2010. The Company's proposed fuel factor includes both an in-period factor and a correction factor. The Company's proposed in-period factor of 2.799¢ per kWh is designed to recover the Company's total projected Virginia jurisdictional fuel expenses of approximately $24.6 million for the period from April 2010 through March 2011. The Company proposed to decrease its correction factor from a charge of 0.253¢ per kWh to a credit of 0.280¢ per kWh to refund the over-recovery occurring under the current fuel factor. In its application, the Company projected an over-recovery balance of $2,456,670 as of March 31, 2010.

On February 17, 2010, the Commission entered an Order Establishing 2010-2011 Fuel Factor Proceeding ("Scheduling Order") that, among other things: (1) assigned a Hearing Examiner to conduct all further proceedings; (2) scheduled a hearing on the Company's application for March 30, 2010; (3) required the Company 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, 2010.

On March 17, 2010, the Staff filed its testimony in which it recommended that the Commission approve a fuel factor for KU/ODP of 2.482¢ per kWh. The Staff stated that while the Company's projected fuel expenses and sales forecast are reasonable, the proposed fuel factor should be adjusted to reflect the updated projection of the March 31, 2010 recovery balance and to correct a minor projected fuel expense calculation error. Taken together, these two adjustments produce an in-period factor of 2.797¢ per kWh and a correction factor credit of 0.315¢ per kWh, resulting in a recommended fuel factor of 2.482¢ per kWh.

The Staff stated that the combined effect of these proposed adjustments would reduce the monthly bill of a KU/ODP Virginia residential customer using 1,000 kilowatt-hours by $7.31 from $83.98 to $76.67, a decrease of 8.7%. By comparison, the Company's proposed fuel factor would reduce the same monthly bill by $6.94 to $77.04, a decrease of 8.3%.

On March 24, 2010, the Company filed a letter indicating it has reviewed the Staff's testimony and accepts the Staff's recommendations, including the Staff's proposed fuel factor of 2.482¢ per kWh. KU/ODP also requests to put this lower fuel factor into effect on April 1, 2010, in lieu of

implementing its proposed factor of 2.519¢ per kWh that was authorized on an interim basis pursuant to the Commission's February 17, 2010 Scheduling Order.

The hearing on the Company's application was convened on March 30, 2010. Appearances were made by counsel for KU/ODP and the Staff. Proof of public notice of the application and service on local government officials were marked as exhibits and received into the record. Pursuant to an agreement of counsel, the Company's application, testimony, and exhibits, as well as the Staff's testimony and exhibits, were entered into the record without cross-examination. Upon receipt of all the evidence, the Chief Hearing Examiner issued her report from the bench recommending that the Company's proposed reduction to its fuel factor be further reduced in accordance with the adjustments proposed by the Staff and agreed to by KU/ODP. Accordingly, the Chief Hearing Examiner recommended that the Commission approve a fuel factor of 2.482¢ per kWh. The Chief Hearing Examiner further directed the Company to implement the agreed-upon fuel factor of 2.482¢ per kWh on an interim basis for service rendered on and after April 1, 2010, pending further order of the Commission.

NOW THE COMMISSION, upon consideration of the record in this case, the Report of the Chief Hearing Examiner, and the applicable law, is of the opinion and finds that a decrease in the Company's fuel factor to 2.482¢ per kWh is reasonable and appropriate.

However, as noted in the Chief Hearing Examiner's Report, our approval of the fuel factor should not be construed as approval of KU/ODP's actual fuel expenses. No finding in this Order 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 (1) that any component of KU/ODP's actual fuel expenses or credits has been inappropriately included or excluded, or (2) that 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 Chief Hearing Examiner are hereby adopted.

(2) The total fuel factor of 2.482¢ per kWh, effective for service rendered on and after April 1, 2010, is hereby approved.

(3) This case is continued generally.

CASE NO. PUE-2010-00015
APRIL 8, 2010

COMMONWEALTH OF VIRGINIA, *ex rel.*
NAOMI G. MADSEN
v.
COLUMBIA GAS OF VIRGINIA, INC.

For Review of a Dispute Regarding Estimated Billing and Service

DISMISSAL ORDER

On February 17, 2010, Naomi G. Madsen ("Petitioner") filed a complaint with the State Corporation Commission ("Commission") concerning an estimated bill for natural gas service she received from Columbia Gas of Virginia, Inc. ("Columbia" or "Company"). The Petitioner also raised issues relating to the quality of service she received when she contacted the Company about her bill.

On March 10, 2010, the Commission entered an Order Docketing Case wherein it docketed the case; directed the Petitioner to file an amended complaint in accordance with 5 VAC 5-20-100 B of the Commission's Rules of Practice and Procedure ("Rules"), directed the Company to file an answer or other responsive pleading to the amended complaint within twenty-one days of the filing of the amended complaint, and assigned the case to a Hearing Examiner in accordance with 5 VAC 5-20-120 of the Rules.

On March 29, 2010, Columbia, by counsel, filed a letter with the Commission advising that the Petitioner had entered into a settlement agreement resolving the matter that formed the basis of her complaint. Among other things, Columbia represented that the Petitioner had agreed to file a letter with the Commission withdrawing her complaint.

On March 30, 2010, the Petitioner filed a letter with the Commission seeking to withdraw her complaint and advising that she had accepted a settlement with Columbia and no longer wished to proceed with her formal complaint.

On March 31, 2010, Michael D. Thomas, Hearing Examiner, issued his Hearing Examiner's Report ("Report") wherein he found that: (i) the case has been resolved to the satisfaction of both parties; (ii) the case should be dismissed from the Commission's docket of active proceedings; and (iii) the comment period to the Report should be waived. The Hearing Examiner recommended that the Commission adopt the findings in his Report and dismiss the case.

NOW THE COMMISSION, upon consideration of the record herein, is of the opinion and finds that the findings and recommendations of the March 31, 2010 Hearing Examiner's Report should be adopted and this case dismissed.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the March 31, 2010 Hearing Examiner's Report are hereby adopted.

(2) There being nothing further to be done herein, this case shall be dismissed from the Commission's docket of active proceedings, and the papers filed herein shall be placed in the Commission's file for ended causes.

CASE NO. PUE-2010-00016
MARCH 18, 2010

APPLICATION OF
VIRGINIA-AMERICAN WATER COMPANY

For approval to issue debt securities

ORDER GRANTING AUTHORITY

On February 26, 2010, Virginia-American Water Company ("Applicant" or the "Company") filed an application with the Virginia State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia. In its application, the Company requests authority to issue promissory notes ("Notes") to an affiliate, American Water Capital Corporation ("AWCC"), from time to time through December 31, 2011.[1] Applicant paid the requisite fee of $250.

In its application, the Company requests authority to issue to AWCC up to $16 million in Notes. The terms of the Notes' interest rates, timing of payments, maturity dates, and other such issues will mirror the terms set forth in the securities to be issued by AWCC. The proceeds will be used for one or more of the following purposes: the repayment of all or a portion of the Company's outstanding short-term debt; a March 2010 and March 2011 sinking fund payment associated with a 6.87% debt issuance; the purchase, acquisition and/or construction of additional properties and facilities, as well as improvements to the Company's existing utility plant; and for general corporate purposes.

NOW THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest. Accordingly, the application should be approved, subject to the provisions of the affiliates' Financial Services Agreement entered December 21, 2009, in Case No. PUE-2009-00120.

Accordingly, IT IS ORDERED THAT:

(1) The Applicant is hereby authorized to issue and sell up to $16 million in promissory notes to AWCC, under the terms and conditions and for the purposes set forth in the application. All ordering provisions of the Order Granting Authority issued December 21, 2009, in Case No. PUE-2009-00120 shall remain in effect.

(2) The Applicant shall file 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 issuance, the interest rate or yield, the maturity date, and any securities retired with the proceeds.

(3) On or before March 1, 2012, the Applicant shall file a Final Report of Action to include details concerning all financing activities completed pursuant to this authority. Such report shall include a summary of the information required in the preceding ordering paragraph, in addition to a breakeven analysis showing that the retiring of any debt prior to maturity was cost beneficial to the Company, and a comparison of the interest rate on the debt issued to the affiliate against the interest rate available to the Company from non-affiliated sources.

(4) The authority granted herein shall have no implications for ratemaking purposes. Specifically, the approval granted in this Order shall not guarantee recovery of any costs directly or indirectly related to the issuance of securities authorized herein.

(5) This matter shall be continued, subject to the continued review, audit, and appropriate directive of the Commission.

[1] Pursuant to the Commission's Order Granting Authority dated December 21, 2009, in Case No. PUE-2009-00120, Virginia-American Water Company's existing affiliate agreement is set to expire December 31, 2011.

CASE NO. PUE-2010-00017
DECEMBER 17, 2010

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For authority to increase rates and charges and to revise the terms and conditions applicable to gas service

FINAL ORDER

On May 3, 2010, Columbia Gas of Virginia, Inc. ("Columbia" or "Company"), filed with the State Corporation Commission ("Commission") an application pursuant to Chapter 10 of Title 56 (§ 56-232 *et seq.*) of the Code of Virginia ("Code") requesting authority to increase its rates and charges, effective January 1, 2011, and to revise other terms and conditions applicable to its gas service ("Application"). Columbia's Application advised that the proposed rates and charges are designed to increase the Company's annual operating revenues by approximately $13,048,642, based on an 11.5% return on equity ("ROE"). According to the Application, approximately $7,588,330 of the requested increase represents an increase in annual operating non-gas base revenues, with approximately $5,487,521 representing the gas cost portion of the uncollectible expense and the carrying costs of storage and deferred gas

that Columbia proposes to recover through its Purchased Gas Adjustment ("PGA") mechanism. Columbia's Application advises that its requested revenue increase excludes the Company's Large Volume Transportation Service customer class, which is made up of large industrial and power generation customers and special contracts negotiated by the Company pursuant to § 56-235.2 of the Code.

Columbia's Application proposes several changes in rate design and seeks to recover the gas component of uncollectible accounts expense, carrying costs on gas storage, and short term interest on Actual Cost Adjustment ("ACA") balances through the Company's PGA/ACA mechanism rather than non-gas base rates. The Application includes a weather normalization adjustment ("WNA") proposed in order to remove the impact of weather from customer's bills. According to the Company, the WNA is designed to adjust customer usage reflected in the temperature-sensitive portion of residential and small commercial customers' bills to offset monthly variations from normal weather levels that were the basis upon which non-gas rates are designed and approved.

The Application sets out various proposals to modify the Company's retail choice program and associated tariffs approved by the Commission in various orders entered in Case No. PUE-2001-00587.[1]

The Company proposes that the requested increase in rates and charges and the proposed revisions to its Rate Schedules, General Terms and Conditions, and Form of Service Agreements become effective January 1, 2011, consistent with the provisions of Columbia's Performance Based Regulatory Plan ("PBR Plan"),[2] except for the Company's tariff modifications relating to its choice program ("Choice Program"). The Company proposes that Rate Schedule CSPS and the Competitive Service Provider Agreement become effective April 1, 2011, in order to facilitate a seamless transition to the new provisions of its Choice Program.

Columbia also proposes to: (i) increase the threshold under which customer deposits may be paid in monthly installments from $40 to $100; (ii) increase its returned check charge from $14 to $17; and (iii) impose a minimum late payment charge of $5 on residential accounts and $10 on small general service accounts.

On May 27, 2010, the Commission issued its Order for Notice and Hearing in which it prescribed notice of the Application, established a procedural schedule, invited comments, directed the Commission Staff ("Staff") to investigate the Application, and scheduled a public hearing for November 16, 2010, before a Hearing Examiner.

On June 23, 2010, the Virginia Industrial Gas Users Association ("VIGUA") filed its Notice of Participation. On June 29, 2010, the Office of the Attorney General, Division of Consumer Counsel ("OAG"), filed notice of its intent to participate in the proceeding. On August 3, 2010, the Board of Supervisors of Fairfax County ("Fairfax County") filed its Notice of Participation.

On the morning of November 16, 2010, in accordance with the Hearing Examiner's Ruling of November 15, 2010, the hearing was convened before Deborah V. Ellenberg, Chief Hearing Examiner, for the sole purpose of receiving the testimony of public witnesses. No public witnesses appeared. The hearing was reconvened at 3:00 p.m. on the same day to receive a Proposed Stipulation and Recommendation ("Stipulation") supported by the case participants.

Counsel noting appearances at the November 16, 2010 hearing were Bernard L. McNamee, Esquire, and James S. Copenhaver, Esquire, for the Company. Sherry H. Bridewell, Esquire, Glenn P. Richardson, Esquire, and Kerry R. Wortzel, Esquire, appeared on behalf of the Commission Staff; Ashley B. Macko, Esquire, appeared on behalf of the OAG; Marilyn S. McHugh, Esquire, appeared on behalf of Fairfax County; and Louis R. Monacell, Esquire, appeared on behalf of VIGUA.

By agreement of counsel, the prefiled testimony was admitted into the record without causing the witnesses to take the stand and be subjected to cross-examination. In addition, the Stipulation executed by the case participants was marked and admitted into the record as Exhibit 29. The Stipulation recommended approval of the Company's Application subject to the modifications set forth in the Stipulation. Among other provisions, the Stipulation recommended an increase of $500,000 over the current fully adjusted non-gas base jurisdictional revenues for all rate schedules other than the Large Volume Transportation Service ("LVTS") Rate Schedule. At the conclusion of the hearing, the case participants waived the right to file comments to the Chief Hearing Examiner's Report in the event the Chief Hearing Examiner recommended that the Commission accept the Stipulation without any modifications.

On December 2, 2010, the Chief Hearing Examiner issued her report ("Report" or "December 2, 2010 Report"). After summarizing the evidence and Stipulation, the Chief Hearing Examiner found the Stipulation offered by the Company, Staff, and parties to be reasonable. In addition, she made the following findings:

1. An unadjusted NiSource consolidated capital structure as of June 30, 2010, is reasonable;

2. A reasonable ROE range is 9.6% to 10.6%, which does not include a 25 basis point performance adjustment, with an ROE midpoint of 10.1%;

3. The Company's overall weighted average cost of capital is 7.924%;

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[1] *See, e.g., Application of Columbia Gas of Virginia, Inc., To Change Rates, Charges, Rules, and Regulations,* Case No. PUE-2001-00587, 2003 S.C.C. Ann. Rept. 346, Order on Reconsideration (Nov. 24, 2003).

[2] Columbia has been operating under a PBR Plan approved by the Commission on December 28, 2006, in Case Nos. PUE-2005-00098 and PUE-2005-00100. The PBR Plan expires on December 31, 2010. The Commission's December 28, 2006 Final Order in Case Nos. PUE-2005-00098 and PUE-2005-00100 and the proposed Stipulation approved in that Final Order require Columbia to file an Application for a rate case, for a new PBR Plan, or to extend the existing PBR Plan by May 1, 2010. *See Application of Columbia Gas of Virginia, Inc., For approval of a performance based rate regulation methodology pursuant to Va. Code § 56-235.6*, Case No. PUE-2005-00098 and *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte, In Re: Investigation of the justness and reasonableness of current rates, charges, and terms and conditions of service*, Case No. PUE-2005-00100, 2006 S.C.C. Ann. Rept. 366, Final Order (Dec. 28, 2006) (hereinafter, "Case No. PUE-2005-00098").

4. The Company requires jurisdictional revenue for purposes of establishing non-gas base rates in the amount of $105,715,763 which is an increase of $500,000 over the current fully adjusted non-gas jurisdictional revenues for all classes other than the LVTS class, and such an increase is just, fair and reasonable;

5. It is reasonable to separate the LVTS class from other jurisdictional classes in the calculation of the cost of service and the ROE in a manner that ensures the revenue requirements of other classes are not affected by the LVTS class;

6. The earnings test conducted by Staff yields an ROE below the earnings sharing threshold specified in the Company's PBR Plan, and therefore the Company did not generate sharable earnings for 2009;

7. The cost allocation and rate design recommended in the Stipulation is appropriate;

8. The WNA recommended by the Stipulating Parties[3] is also reasonable;

9. The changes to the Company's General Terms and Conditions as set forth in the Stipulation are reasonable; and

10. The Stipulating Parties recommended that this case be concluded by the end of 2010 to facilitate the changes to rates, rate structure, tariff provisions, and General Terms and Conditions as recommended in the Stipulation, with the exception of the WNA and modifications to Rate Schedule CSPS, being made effective for service rendered on and after January 1, 2011.

The Chief Hearing Examiner recommended that the Commission enter an order adopting the findings of her Report, granting the Company an increase in gross non-gas annual revenues of $500,000, and dismissing the case from the Commission's docket of active proceedings. The Chief Hearing Examiner advised in her Report that the case participants had waived the right to file comments in response to her Report.

NOW THE COMMISSION, upon consideration of the record herein, the Report of the Chief Hearing Examiner, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the December 2, 2010 Report of the Chief Hearing Examiner appear reasonable and supported by the record; that the terms and provisions of the Stipulation, attached hereto as Attachment A, are reasonable and are incorporated into this Order by their attachment hereto; that in accordance with the Stipulation adopted herein, the Company is authorized to increase its current fully adjusted non-gas base jurisdictional revenues for all classes except the LVTS class by $500,000, and the resulting rates to recover this increase shall be developed as shown on Attachment II to the Stipulation accepted herein; that the Company should file revised tariffs, and terms and conditions of service in accordance with the findings made herein with the Commission's Division of Energy Regulation; that, in accordance with the terms of the Stipulation, the modifications of the Company's rates, rate structure, tariff provisions and General Terms and Conditions should take effect for service rendered on and after January 1, 2011, except for the implementation of the WNA and modifications to Rate Schedule CSPS, described herein; in accordance with the terms of the Stipulation, the implementation of the WNA should take effect commencing with meter readings on and after February 1, 2011; that in accordance with the terms of the Stipulation, the modifications to Rate Schedule CSPS should take effect commencing with the first billing unit of April 2011; that because the Company's 2009 ROE fell below the 10.50% ROE earnings sharing threshold specified in Columbia's PBR Plan, there are no shareable earnings under the PBR Plan for 2009; that the earnings test applicable to Columbia's 2010 earnings will continue to be governed by the provisions of the PBR Plan; and that this case should be dismissed.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the December 2, 2010 Report of the Chief Hearing Examiner are hereby adopted.

(2) The terms and provisions of the Stipulation (Attachment A hereto) are adopted and incorporated into this Order by attachment hereto.

(3) In accordance with the findings made herein and the Stipulation attached hereto, Columbia shall recover the gas component of uncollectible expenses, carrying costs on gas storage inventory, and short-term interest on unrecovered Account 191 balances through the Company's PGA/ACA mechanism as proposed by Columbia and accepted by Staff and other parties.

(4) In accordance with the Stipulation accepted herein, the Company's jurisdictional revenue requirement for purposes of establishing non-gas base rates will be $105,715,763, an increase of $500,000 over the current fully adjusted non-gas base jurisdictional revenues for all classes other than the LVTS class. The rates established to recover this increase shall be developed as shown on Attachment II to the Stipulation accepted herein.

(5) The tariff revisions accepted herein shall be effective for service rendered on and after January 1, 2011, except for the implementations of the WNA and modifications to Rate Schedule CSPS.

(6) The implementation of the WNA tariff accepted herein shall be effective commencing with meter readings on and after February 1, 2011.

(7) The tariff revisions to Rate Schedule CSPS shall be effective for meter readings commencing with the first billing unit of April 2011.

(8) Columbia shall record the depreciation rates approved administratively by Staff, beginning January 1, 2010. The Company shall complete its next depreciation study based on plant balances of no later than December 31, 2014, and shall file such study no later than May 1, 2015.

(9) The LVTS class of customers shall be separated from other jurisdictional classes of customers in the calculation of cost of service and the return on equity for all rate classes other than LVTS. This shall be accomplished in a manner that ensures the revenue requirements of other classes are not affected by the LVTS class of customers.

[3] The Stipulating Parties include all case participants: Columbia, Staff, VIGUA, the OAG, and Fairfax County.

(10) Columbia shall conduct a study of Rate Schedule SGS in order to determine whether the diversity in customer usage within the small general service ("SGS") rate class justifies the creation of a new rate class to separate larger and smaller SGS customers, as well as the appropriate division and level of rate blocks to be used for this class (or classes) of customers. The Company shall file the results of that study with, or in advance of, the Company's next non-gas base rate case.

(11) In accordance with the findings made herein and Stipulation attached hereto, the Company shall conduct a class cost of service study based on the Customer/Demand methodology adjusted to allocate seven-twelfths (7/12) of demand related costs to interruptible customer classes. The Company shall file the results of the study with the Company's next non-gas base rate case, but it need not utilize the results of the study for ratemaking purposes.

(12) Because the Company's 2009 ROE fell below the 10.5% ROE earnings sharing threshold specified in Columbia's PBR Plan, there are no shareable earnings to be returned under the PBR Plan for 2009.

(13) The earnings test applicable to Columbia's earnings for the twelve months ending December 31, 2010, shall continue to be governed by the provisions of the PBR Plan adopted in Case No. PUE-2005-00098.

(14) Columbia shall forthwith file with the Commission's Division of Energy Regulation revised tariffs and terms and conditions of service in accordance with the findings made herein.

(15) There being nothing further to be done in this matter, this case shall be dismissed from the Commission's docket of active proceedings, and the papers filed herein shall be placed in the Commission's file for ended causes.

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

CASE NO. PUE-2010-00018
MAY 18, 2010

APPLICATION OF
RAPPAHANNOCK ELECTRIC COOPERATIVE

For authority to incur bridge financing from the National Rural Utilities Cooperative Financing Corporation and CoBank, ACB under Chapter 3 of Title 56 of the Code of Virginia

ORDER GRANTING AUTHORITY

On March 1, 2010, Rappahannock Electric Cooperative ("Rappahannock" or "Applicant") filed an application with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia for authority to incur debt in the form of a bridge loan from the National Rural Utilities Cooperative Financing Corporation ("CFC") and CoBank, ACB ("CoBank") under Chapter 3 of Title 56 of the Code of Virginia. Applicant has paid the requisite fee of $250.

Applicant seeks authorization to enter into two financial agreements to finance its acquisition of approximately 50% of the Virginia distribution assets ("REC Portion") of The Potomac Edison Company d/b/a Allegheny Power ("Potomac").[1] Rappahannock requests approval to borrow up to $102.5 million under a line of credit agreement with CFC ("CFC LOC") and to borrow up to $87.5 million from CoBank in the form of a loan ("CoBank Loan"), for total borrowing authority of $190.0 million. The proceeds from the CFC LOC and the CoBank Loan will be used to provide bridge financing of the acquisition of the REC Portion of Potomac's assets, consistent with Rappahannock's application in Case No. PUE-2009-00101.

According to the Applicant, the term of the CFC LOC will be thirty-six (36) months and the interest rate will be fixed at the time of the draw for the duration of the loan. The term of the CoBank Loan will be twenty-four (24) months, and the interest rate will be floating based on an index chosen at the time of the draw down. Rappahannock anticipates making arrangements with the U.S. Department of Agriculture's Rural Utilities Service ("RUS") and a non-RUS lender for long-term financing in the next twenty-four (24) months, which will refinance the CFC LOC and CoBank Loan bridge loans. Since the permanent financing will be used to redeem the bridge loan authorized herein, Rappahannock acknowledges it will need to file a new application with the Commission before it can issue debt to retire the CFC LOC and CoBank Loan balances approved herein.

According to the application, Rappahannock's total capitalization as of the end of calendar year 2008 was approximately $421.48 million, with an equity-to-total capitalization ratio of 57.7%. Since the application seeks authorization to issue up to $190.0 million in the near term, approval of the application would increase Rappahannock's total capitalization by approximately 45%.

In the application, Rappahannock provided various projections of the short-term and long-term financial impacts of the proposed financing on the financial and operating performance of Rappahannock. According to the projections, once the CFC and CoBank debt is issued to finance the acquisition, Rappahannock's equity-to-total capitalization ratio will decline to approximately 41% and approach 40% during the first few years after the acquisition. Rappahannock's internal policy targets a minimum equity-to-total capitalization ratio of 40%. Rappahannock's own projections include interest rate assumptions of 2.5% for the initial financing through the CFC LOC, and 5.50% for the RUS permanent financing and 7.50% for the permanent supplemental

[1] On September 15, 2009, Rappahannock, Potomac Edison and Shenandoah Valley Electric Cooperative filed a Joint Petition for approval of purchase and sale of service territory and facilities and a Joint Application for issuance of and cancellation of certificates of public convenience and necessity. On September 30, 2009, Rappahannock and Shenandoah Valley Electric Cooperative each filed for approval of special, transitional rate schedules related to the transaction. In its Order for Notice and Hearing dated October 9, 2009, the Commission combined consideration of the filings made on September 30, 2009, with those filed on September 15, 2009, into one docket, Case No. PUE-2009-00101.

financing. While Rappahannock's projected equity ratios and debt service coverage ("DSC") ratio appear to meet or exceed Rappahannock's internal policy guidelines over the next (5) five years, other important financial ratios such as times interest earned ratio ("TIER") and modified TIER fall below Rappahannock's targets and provide only a narrow margin over RUS's indenture minimums over the planning period of ten (10) years.

THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest, consistent with the modifications and conditions contained in our May 14, 2010, order in Case No. PUE-2009-00101 ("May 14 Order"). However, we note that Rappahannock's financial performance in its projections show returns significantly below historical performance in TIER, modified TIER and equity ratio. In its last two rate applications, Case Nos. PUE-1992-00038 and PUE-2009-00010, Rappahannock reiterated its need to have rates based on TIERs at 2.25 or 2.50 times for proper financial soundness, yet approval of the Potomac transaction will cause margins to fall significantly below these levels. We will expect that Rappahannock will manage its expenses, service offerings, and rates in a manner consistent with our May 14 Order approving the Potomac transaction in Case No. PUE-2009-00101.

Accordingly, IT IS ORDERED THAT:

(1) Rappahannock Electric Cooperative is authorized to enter into a line of credit agreement with the National Rural Utilities Cooperative Finance Corporation for the maximum principal amount of $102.5 million, under the terms and conditions and for the purposes stated in its application.

(2) Rappahannock Electric Cooperative is authorized to enter into a loan agreement with CoBank, ACB, for the maximum principal amount of $87.5 million, under the terms and conditions and for the purposes stated in its application.

(3) Should Applicant seek to modify any terms or conditions or seek to increase the limit amount of the line of credit or loan agreement approved herein, Applicant shall submit an application with the Commission at least twenty-five (25) days prior to the effective date of the proposed change.

(4) Rappahannock shall file a preliminary report of action within thirty (30) days of drawing any funds authorized herein, such report shall include the date of drawdown, the initial rate period chosen, the initial interest rate, any floating rate index selected, amount of principal remaining available to be drawn under the line of credit or loan agreement approved herein.

(5) Should Applicant seek to replace debt issued pursuant to this authority, Applicant shall submit an application with the Commission at least fifty-five (55) days prior to the projected date of the proposed replacement financing.

(6) The approval granted herein is subject to all modifications and conditions imposed by the Commission's May 14 Order in Case No. PUE-2009-00101.

(7) Approval of this application shall have no implications for ratemaking purposes.

(8) This matter shall remain under the continued review, audit and appropriate directive of the Commission.

CASE NO. PUE-2010-00019
MAY 18, 2010

APPLICATION OF
SHENANDOAH VALLEY ELECTRIC COOPERATIVE

For authority to incur bridge financing from the National Rural Utilities Cooperative Financing Corporation under Chapter 3 of Title 56 of the Code of Virginia

ORDER GRANTING AUTHORITY

On March 1, 2010, Shenandoah Valley Electric Cooperative ("Shenandoah" or "Applicant") filed an application with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia for authority to incur debt in the form of a bridge loan from the National Rural Utilities Cooperative Financing Corporation ("CFC"). Applicant has paid the requisite fee of $250.

Applicant seeks authorization to borrow up to $175.0 million under a line of credit with CFC ("CFC LOC") to finance its acquisition of approximately 50% of the Virginia distribution assets ("Shenandoah Portion") of The Potomac Edison Company d/b/a Allegheny Power ("Potomac").[1] The proceeds from the CFC LOC will be used to provide bridge financing of the acquisition of the Shenandoah Portion of Potomac assets, consistent with Shenandoah's joint application in Case No. PUE-2009-00101. According to the Applicant, the term of the CFC LOC will be thirty-six (36) months and the interest rate will be fixed at the time of the draw. Shenandoah anticipates making arrangements with the U.S. Department of Agriculture's Rural Utilities Service ("RUS") and a non-RUS lender for permanent long-term financing in the next twenty-four (24) months, which will refinance the CFC LOC bridge loan.

According to the application, Shenandoah's total capitalization as of the end of calendar year 2008 was approximately $146.35 million, with an equity-to-total capitalization ratio of 47.8%. Since the application seeks authorization to issue up to $175.0 million in the near term, approval of the application would increase Shenandoah's total capitalization by approximately 120%.

[1] On September 15, 2009, Rappahannock Electric Cooperative, Potomac Edison and Shenandoah filed a Joint Petition for approval of purchase and sale of service territory and facilities and a Joint Application for issuance of and cancellation of certificates of public convenience and necessity. On September 30, 2009, Rappahannock Electric Cooperative and Shenandoah each filed for approval of special, transitional rate schedules related to the transaction. In its Order for Notice and Hearing dated October 9, 2009, the Commission combined consideration of the filings made on September 30, 2009, with those filed on September 15, 2009, into one docket, Case No. PUE-2009-00101.

In the application, Shenandoah provided various projections of the short-term and long-term financial impacts of the proposed financing on the financial and operating performance of Shenandoah. According to the projections, once the CFC debt is issued to finance the acquisition, Shenandoah's equity-to-total capitalization ratio will decline to approximately 26% and remain below 30% during the entire ten year planning horizon. Shenandoah's internal policy targets a modified times interest earned ratio ("Modified TIER") of at least 2.0 times, an equity-to-total-capital ratio at a minimum of 40%, and a rotation of capital credits on a fifteen (15) year cycle. Shenandoah's own projected financial performance on equity ratio and Modified TIER, fall below Shenandoah's internal policy guidelines and provide only a narrow margin over RUS's indenture minimums over the planning period of ten (10) years.

Since the permanent financing will be used to redeem the bridge loan authorized herein, Shenandoah acknowledges it will need to file a new application with the Commission before it can issue an additional debt to RUS and a non-RUS lender to retire the CFC LOC loan approved herein.

THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest, consistent with the modifications and conditions contained in our order of May 14, 2010, in Case No. PUE-2009-00101 ("May 14 Order"). However, we note that Shenandoah's financial performance in its projections show returns significantly below historical performance in equity ratio, TIER and Modified TIER during the entire planning period. In its last rate case, Case No. PUE-2000-00747, Shenandoah reiterated its need to have rates based on TIERs at or above 2.50 times for proper financial soundness, yet approval of the Potomac transaction will cause margins to fall significantly below these levels. We will expect that Shenandoah will manage its expenses, service offerings, and rates in a manner consistent with our May 14 Order approving the Potomac transaction in Case No. PUE-2009-00101.

Accordingly, IT IS ORDERED THAT:

(1) Shenandoah Valley Electric Cooperative is authorized to enter into an unsecured line of credit agreement with the National Rural Utilities Cooperative Finance Corporation for the maximum principal amount of $175.0 million, under the terms and conditions and for the purposes stated in its application.

(2) Should Applicant seek to modify any terms or conditions or seek to increase the amount available under the line of credit agreement approved herein, Applicant shall submit an application with the Commission at least twenty-five (25) days prior to the effective date of the proposed change.

(3) Shenandoah shall file a preliminary report of action within thirty (30) days of drawing any funds authorized herein, such report shall include the date of drawdown, the initial rate period chosen, the initial interest rate, any floating rate index selected, amount of principal remaining available to be drawn under the line of credit agreement approved herein.

(4) Should Applicant seek to replace debt issued pursuant to this authority, Applicant shall submit an application with the Commission at least fifty-five (55) days prior to the projected date of the proposed replacement financing.

(5) The approval granted herein is subject to all modifications and conditions imposed by the Commission's May 14 Order in Case No. PUE-2009-00101.

(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-2010-00021
APRIL 23, 2010

APPLICATION OF
CONOCOPHILLIPS COMPANY

For a license to conduct business as a competitive service provider for natural gas

ORDER GRANTING LICENSE

On March 10, 2010, ConocoPhillips Company ("ConocoPhillips" or "the Company"), filed an application with the State Corporation Commission ("Commission") for a license to be a competitive service provider for natural gas pursuant to the Commission's Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5-312-10 *et seq.* ("Retail Access Rules"). The Company seeks authority to serve commercial and industrial customers in retail access programs in the Virginia 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 by 20 VAC 5-312-40 B.

On March 25, 2010, the Commission issued an Order for Notice and Comment establishing the case, requiring that notice of the application be given to the specified investor owned natural gas distribution utilities and other interested persons, providing for the receipt of comments from the public, and requiring the Commission's Staff to analyze the reasonableness of the application and present its findings in a report ("Staff Report"). The Company filed proof of publication of its notice on March 29, 2010. No comments from the public on ConocoPhillips' application were received.

The Staff Report was filed on April 15, 2010, concerning ConocoPhillips' fitness to conduct business as a competitive service provider for natural gas. The Staff Report summarized ConocoPhillips' proposal and evaluated its financial condition and technical fitness. The Staff recommended that ConocoPhillips be granted a license to conduct business as a competitive service provider for natural gas service to commercial and industrial customers in the investor owned natural gas distribution utility service territories of Columbia Gas of Virginia, Inc., and Washington Gas Light Company. The Company filed no comments in response to the Staff Report.

NOW UPON CONSIDERATION of the application, the Staff Report, and the applicable law, the Commission finds that ConocoPhillips' application as a competitive service provider for natural gas should be granted, subject to the conditions set forth below.

Accordingly, IT IS ORDERED THAT:

(1) ConocoPhillips Company is hereby granted License No. G-25 to be a competitive service provider for natural gas to commercial and industrial customers in the Virginia service territories of Columbia Gas of Virginia, Inc., and Washington Gas Light Company. This license to act as a competitive service provider for natural gas is granted subject to the provisions of the Retail Access Rules, this Order, and other applicable statutes.

(2) This license is not valid authority for the provision of any product or service not identified within the license itself.

(3) This case shall remain open for consideration of any subsequent amendments or modifications to this license.

CASE NO. PUE-2010-00022
SEPTEMBER 3, 2010

APPLICATION OF
ENERGYCONNECT, INC.

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 March 17, 2010, EnergyConnect, Inc. ("EnergyConnect" or the "Company"), filed an application ("Application") with the State Corporation Commission ("Commission") for approval of demand response programs to be offered to retail customers in the Appalachian Power Company ("APCo") service territory. The Company's Application is filed pursuant to Section 3 of Chapters 752 and 855 of the 2009 Acts of the Virginia General Assembly ("Section 3"), which states as follows:

> 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.

The Application seeks authority for EnergyConnect to continue to market and provide demand response programs through individual customer contracts in the APCo service territory. Among other things, EnergyConnect states: (i) that it is an active Curtailment Service Provider ("CSP") in the demand response programs of the regional transmission entity PJM Interconnection, LLC ("PJM"); (ii) that it "delivers demand response technologies and services to commercial, educational and industrial consumers enabling them to manage their use of electricity in response to market prices or regional power shortages"; and (iii) that it "contracts with end use customers to install metering and control equipment to enable the customer to curtail, aggregates its customers' load to meet its obligations to PJM, submits the verification of demand reductions for payment by PJM, and receives payments from PJM on behalf of its customers."[1]

On April 7, 2010, the Commission issued an Order Inviting Comments in this proceeding that allowed interested persons an opportunity to participate as respondents and to file comments and request a hearing on the Company's Application. On or before May 7, 2010, comments and notices of participation were received from: APCo; EnerNOC, Inc. ("EnerNOC"); Energy Curtailment Specialists, Inc. ("ECS"); CPower, Inc. ("CPower"); Comverge, Inc. ("Comverge"); and the Old Dominion Committee for Fair Utility Rates ("Committee"). Wal-Mart Stores East, LP and Sam's East, Inc. (collectively, "Wal-Mart") filed a notice of participation.

In its comments, APCo raises concerns about the requested approval but concludes that it neither opposes nor supports EnergyConnect's Application. APCo states that it is unable to capture from such third-party demand response programs certain benefits of load curtailment. APCo indicates that, under PJM's capacity market, participation by APCo's customers in demand response programs offered by third-party providers, such as EnergyConnect, cannot be counted toward its capacity obligation, which is met through PJM's Fixed Resource Reliability alternative. Additionally, APCo expresses concern that EnergyConnect's proposal could result in higher costs for APCo and its customers in the long run. APCo also questions the sufficiency of information provided in the Application.

EnerNOC, ECS, CPower, and Comverge, which, like EnergyConnect, operate as CSPs within the PJM region and elsewhere, support EnergyConnect's Application because they believe it is likely to lead to more demand response within APCo's service territory. The CSPs state, among other things, that an increase in demand response within APCo's service territory would potentially reduce APCo's monthly peak and its member load ratio ("MLR") within the American Electric Power Company ("AEP") pool of operating companies. According to the CSPs, a reduction in APCo's MLR would reduce capacity equalization payments by APCo to other AEP operating companies, thereby providing benefits to APCo customers that participate in

[1] Application at 2, 5.

demand response programs and those that do not. The CSPs also cite to the ability of demand response to lower energy and capacity prices within the PJM region. Finally, the CSPs request that an evidentiary hearing be convened if the Commission is inclined to reject the Application.

The Committee, in its comments, asks that the Commission dismiss the Application for lack of jurisdiction based on the Committee's assertion that:

> the Application does not involve a demand response program *proposed to be offered* to retail customers. Rather, the Application involves an *existing* demand response program that *already* is offered by PJM, not by CSPs. The CSPs merely serve as a conduit for participating in the demand response program that is offered by PJM: the CSPs do not establish any of the rules, terms, or conditions for participating in such programs.[2]

The Committee further asserts that regulation of CSPs under Section 3 is "not needed" because the Federal Energy Regulatory Commission ("FERC") and the Virginia General Assembly have already determined that the PJM demand response programs are in the public interest.[3] "If the Commission determines that it should exercise jurisdiction over the Application," the Committee supports its approval.[4] Finally, the Committee requests an evidentiary hearing on the Application but only in the event that "the Commission does not dismiss the Application for lack of jurisdiction, and if the Commission determines that it cannot approve the Application based solely on written submissions in this docket."[5]

On May 20, 2010, EnergyConnect filed responsive comments that largely address the concerns raised by APCo in its comments. EnergyConnect asserts that APCo's concerns are unwarranted and identifies various benefits of demand response in further support of its requested approval.

In addition to comments, as discussed above, the Committee filed, on April 30, 2010, a Motion to Dismiss the Application. In its Motion to Dismiss, the Committee advances jurisdictional arguments similar to those raised separately in its comments. The Committee concludes that ". . . nothing in Section 3 . . ., and nothing in state policy or prior Commission precedent supports a finding that Virginia laws or regulations do not permit a retail customer to participate in PJM demand response programs."[6]

On May 20, 2010, Wal-Mart filed a response to the Committee's Motion to Dismiss in which Wal-Mart supports dismissal of EnergyConnect's Application for the reasons stated in the Committee's Motion to Dismiss. Additionally, Wal-Mart states that scrutiny of existing demand response programs "could have an unintended restrictive impact on the availability of demand response programs to customers like Wal-Mart in Virginia" and "FERC has recognized that aggregators such as the Applicant remove an important barrier to the market for demand response."[7] Wal-Mart requests that the Commission grant the Committee's Motion to Dismiss or, in the alternative, approve EnergyConnect's Application.

On May 20, 2010, the Commission's Staff ("Staff") filed a response to the Committee's Motion to Dismiss in which Staff recommends that the Committee's Motion to Dismiss be denied. Staff asserts that the Company's proposal is the type contemplated by the Virginia General Assembly's enactment of Section 3. In support of its position, Staff cites to the Section 3 requirement for a determination of whether a proposed program is a "capacity resource" and indicates that "CSPs aggregate the resources of their retail customers to register as capacity resources and bid those resources into PJM's markets. But the PJM programs themselves are not capacity resources."[8] Additionally, Staff indicates that the Committee's proposed distinction between "existing" and "new demand response programs offered after some unspecified date" is inconsistent with the grandfather clause of Section 3, which references only "contracts" executed prior to July 1, 2009.[9] Finally, Staff cites to FERC Order Nos. 719 and 719-A and states that the issue of retail customers' participation in demand response programs has been left for the States to decide.

On June 4, 2010, the Committee filed a reply to the responses to its Motion to Dismiss. The Committee's reply focuses largely on the issue of whether the programs offered by the Company are, in their own right, demand response programs or whether CSPs, such as EnergyConnect, serve as a mere conduit for customer participation in PJM programs. The Committee argues that not treating CSPs as conduits of the PJM program: (i) is inconsistent with FERC Order No. 719-A; (ii) is inconsistent with the plain language of Section 3; (iii) is inconsistent with Staff's evaluation of CSPs in a representative Staff Report; and (iv) would result in disparate treatment of CSP customers. However, the Committee "concedes . . . that its reading of Section 3 would result in Section 3 applying to non-utility [sic] demand response programs that are not PJM demand response programs, and the universe of such programs is presently hard to discern."[10] The Committee's reply also asserts that "regulation of the CSPs in APCo's territory is unwise."[11]

On June 2, 2010, the Staff filed its report on the Application ("Staff Report") in which it concludes that: (i) "EnergyConnect is technically qualified as a nonutility provider of demand response provider [sic] and has the necessary resources for providing such services"; (ii) "EnergyConnect has

[2] Committee's Notice of Participation as Respondent, Comments, and Request for Hearing at 3 (internal quotations omitted) (emphasis in original).

[3] *Id*. at 3-4.

[4] *Id*. at 4-5.

[5] *Id*. at 5.

[6] Committee's Motion to Dismiss at 3.

[7] Wal-Mart's Response to Motion to Dismiss at 3.

[8] Staff's Response to Motion to Dismiss at 4.

[9] *Id*. at 6.

[10] Committee's Reply to Responses to Motion to Dismiss at 10.

[11] *Id*. at 8.

the financial resources necessary to provide the proposed services"; and (iii) "EnergyConnect offers programs that are effective, reliable, measurable and verifiable as a demand response resource."[12] Staff further concludes that the public interest implications of EnergyConnect's programs may vary depending on the perspective from which they are viewed. According to Staff:

> The provision of demand response services in APCo's service territory by nonutility providers may have a positive impact on the PJM region as a whole while possibly having an adverse impact on AEP and its nonparticipating customers. It does not necessarily follow, however, that APCo will be harmed as a stand-alone entity.[13]

Staff recommends that Commission approval of the Application be conditioned on the Company providing an annual report demonstrating its continued qualifications and includes in the Staff Report specific recommendations for such a reporting requirement.

On June 18, 2010, EnergyConnect filed comments in response to the Staff Report. EnergyConnect stresses the economic development benefits of demand response payments to retail customers. The Company agrees with Staff that increased demand response from nonutility CSPs may not harm APCo as a stand-alone entity and indicates that participation in demand response programs offered by CSPs results in benefits to nonparticipating customers. EnergyConnect further asserts that "[i]ncreased demand response is explicit public policy in Virginia."[14] Finally, the Company concludes that it does not object to the reporting requirements proposed by Staff but requests that the Commission consider those reports as "extraordinarily sensitive information under Rule 5 VAC 5-20-170 in order to maintain the confidentiality of the information."[15]

NOW THE COMMISSION, having considered 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 geographic area of the Commonwealth.[16] We have evaluated EnergyConnect's Application and find that it should be approved, subject to the conditions set forth herein.

Motion to Dismiss

As a preliminary matter, we deny the Committee's Motion to Dismiss. We agree with Staff that the demand response "program[s]" to be evaluated under Section 3 are "the actual products and services offered . . . to retail customers" and that the programs proposed to be offered by the Company are not the same as the PJM platforms for demand response.[17] Section 3 contemplates Commission consideration of demand-side resources capable of functioning as capacity. Staff cites to, and no party has rebutted, provisions of the PJM Open Access Transmission Tariff and Reliability Assurance Agreement as evidence that the PJM platforms are not "capacity resource[s]."[18] Put simply, although the PJM demand response platforms may also be referred to as programs, they are not the "program[s]" that Section 3 directs us to evaluate. Moreover, the Committee's legal interpretation would appear to render meaningless Section 3, either in part or in its entirety. Indeed, as the Committee concedes, "the universe of such programs" provided by nonutility providers to which Section 3 would apply under the Committee's interpretation "is presently hard to discern."[19]

Application

Based on the record, we find that the Company currently possesses both the technical and financial qualifications necessary to support the demand response programs it proposes to continue offering within APCo's service territory.[20] We further find that the programs, as they are currently provided by the Company, have been effective, reliable and verifiable as capacity resources.[21] That, in order to participate in PJM's markets, the Company and its programs have thus far been able to satisfy certain financial and technical requirements of PJM is relevant to, but is not dispositive of, our determination herein.

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[12] Staff Report at 14-15.

[13] *Id*. at 15.

[14] EnergyConnect's June 18, 2010 Comments at 6.

[15] *Id*. at 8.

[16] 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 described by Section 3.

[17] Staff's Response to Motion to Dismiss at 3-5.

[18] *Id*. at 4, n.6.

[19] Committee's Reply to Responses to Motion to Dismiss at 10.

[20] *See*, *e.g.*, Staff Report at 2-8; EnergyConnect's June 18, 2010 Comments at 2.

[21] *See*, *e.g.*, Staff Report at 8-11.

Additionally, we find approval of the Company's programs to be in the public interest, subject to the reporting requirements recommended by Staff and unopposed by the Company.[22] In reaching this conclusion we have considered, among other things, the demand response benefits provided or potentially provided both regionally and locally, as cited by Staff and the parties to this proceeding.[23]

Given the legislative emphasis on the effectiveness, reliability, and verifiability of demand response programs subject to Section 3, we find that the public should be provided reasonable assurance – beyond the snapshot in time presented in this proceeding – that the Company's programs continue to contribute positively to system reliability. The need for regular reporting to demonstrate the continuing qualifications of the Company and its programs is reinforced by the evolving, if not increasing, role of demand response providers and their services.[24] Accordingly, it is only subject to such reporting that we find the provision of the demand response programs offered by the Company to be in the public interest.[25]

EnergyConnect shall be required to provide the following information annually:

1) A list of states in which EnergyConnect, or an affiliate of the Company, conducts business related to curtailment services;

2) Disclosure of any affiliate relationship with a local electric distribution company or other CSP that conducts business in Virginia;

3) A copy of EnergyConnect'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;

4) Demonstration that EnergyConnect has adequate commercial liability insurance commensurate with the business being conducted in Virginia;

5) Disclosure of any (i) civil, criminal, or regulatory sanctions or penalties imposed or in place within the previous five years against EnergyConnect, any of its affiliates, or any officer, director, partner, or member pursuant to any state or federal consumer protection law or regulation; and (ii) felony convictions within the previous five years, which relate to the business of the Company or to an affiliate thereof, of any officer, director, partner, or member;

6) Disclosure of whether EnergyConnect has ever been denied authority to provide demand response services and whether any authority issued to it or an affiliate has ever been suspended or revoked and whether other sanctions have been imposed; and

7) Disclosure of any incurrence of penalties from PJM, curtailment test failures or failures to meet committed curtailments during curtailment events.

We direct Staff to monitor these reporting requirements and to advise us of any information that materially affects the qualifications of EnergyConnect or its programs under the standards of Section 3.

Requests for Hearing

CPower, ECS, Comverge, and EnerNOC request that an evidentiary hearing be convened if the Commission is inclined to deny EnergyConnect's Application. The Committee requests an evidentiary hearing in the event the Commission does not dismiss EnergyConnect's Application on jurisdictional grounds and, further, finds the written submissions in this docket inadequate to approve the Application. As previously noted, we deny the Committee's Motion to Dismiss. We also find the written record in this docket adequate for us to evaluate EnergyConnect 's Application. Accordingly, we deny all requests for a hearing in this case.

Accordingly, IT IS ORDERED THAT:

(1) EnergyConnect's Application to continue offering the demand response programs it currently provides within APCo's service territory is hereby approved, subject to EnergyConnect's full compliance with all of Staff's reporting recommendations, as listed above, which are hereby accepted and approved.

(2) EnergyConnect shall submit its first annual report no later than June 30, 2011, to the Commission's Divisions of Energy Regulation and Economics and Finance, and subsequent reports shall be submitted no later than June 30 for each year in which EnergyConnect continues to provide demand response programs to retail customers in APCo's service territory.

[22] *Id*. at 15-16; EnergyConnect's June 18, 2010 Comments at 8.

[23] *See*, *e.g.*, Staff Report at 12-14; EnergyConnect's June 18, 2010 Comments at 2-3; CPower's Comments at 4-6. We are also mindful of the Committee's concern that "APCo's customers will be harmed if their demand response options … are restricted through the elimination of viable and active CSPs." Committee's Comments at 4-5.

[24] Application at 5-6.

[25] Based on the competitive concerns raised by the Company, we direct Staff to maintain these reports as confidential information and to withhold their contents from public disclosure. Such reports shall be handled consistent with all the provisions of 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, including the provisions for individually marking pages or documents that contain confidential information, for maintaining confidential information, and for challenging confidential designations.

(3) The Committee's Motion to Dismiss is denied.

(4) All requests for an evidentiary hearing are denied.

(5) There being nothing further to come before the Commission, this case is hereby dismissed.

CASE NO. PUE-2010-00023
AUGUST 2, 2010

APPLICATION OF
DALE SERVICE CORPORATION
and
INTERSTATE MANAGEMENT, INC.,
FOR AND ON BEHALF OF MAPLEDALE PLAZA, LLC

For extension of authority for lease agreement between affiliates

ORDER GRANTING AUTHORITY

On March 17, 2010, Dale Service Corporation ("Dale Service") and Interstate Management, Inc. ("Interstate"), for and on behalf of Mapledale Plaza, LLC, Successor to the Trustees of the Irene V. Hylton Charitable Lead Trust, in turn, Successor to the Trustees of the Irene V. Hylton Marital Trust "B" (Share 2), U/W/O Cecil D. Hylton ("Hylton Trust") (collectively, the "Applicants") filed an application with the State Corporation Commission ("Commission"), pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code"), for authority to extend the terms of a Lease Agreement between Dale Service and Interstate. On June 1, 2010, the Applicants filed an amended application to reflect changes in the proposed terms of the lease extension.

Dale Service is a Virginia public service corporation that provides wastewater treatment services in Dale City and Prince William County, Virginia. Dale Service was initially owned by Cecil D. Hylton ("Mr. Hylton"). Upon Mr. Hylton's demise in 1989, the Dale Service stock passed to his estate. In 1992, the executors of Mr. Hylton's estate transferred Dale Service's stock to the Cecil D. Hylton Marital Trust for the benefit of Irene V. Hylton ("Mrs. Hylton"). Upon Mrs. Hylton's demise in 1996, Dale Service's stock was transferred to the Second Children's Charitable Trust, which existed for the benefit of Mr. Hylton's children. The Second Children's Charitable Trust expired March 29, 2006, and all of the stock was transferred to Mr. Hylton's children and their heirs by operation of law.

Interstate, with its office at 5533 Mapledale Plaza located in the Mapledale Plaza Shopping Center in Dale City, Virginia, manages shopping centers owned by the Hylton Trust. Interstate was incorporated in 1996 and is a Subchapter S corporation. Interstate is owned by Mr. Hylton's children and their heirs.

The Hylton Trust, which is located at 5533 Mapledale Plaza in Dale City, Virginia, owns the shopping centers that are managed by Interstate. The Hylton Trust is a charitable trust that was established in 1996 upon the demise of Mrs. Hylton. The beneficiaries of the Hylton Trust are Mr. Hylton's children and their heirs.

Since Dale Service, Interstate, and the Hylton Trust share common ownership by the children of Mr. Hylton and their heirs, the Applicants are considered affiliated interests under § 56-76 of the Code. As such, any contract or arrangement between the Applicants to provide or receive services must be approved by the Commission pursuant to Chapter 4 of Title 56 of the Code (the "Affiliates Act") prior to the Applicants entering into such contract or arrangement.

Interstate, which is acting as agent on behalf of the Hylton Trust, and Dale Service request authority to extend the Lease Agreement between Dale Service and Interstate wherein Dale Service would continue leasing 2,431 square feet ("SF") of space located at 5609 Mapledale Plaza, Woodbridge, Virginia (the "Premises"), from the Hylton Trust. Dale Service began leasing the Premises in 2004 with a term of five years.

The Commission's October 18, 2004 Order Granting Approval in Case No. PUE-2004-00093 granted Dale Service authority to enter into the Lease Agreement, which had a term of five years. However, the Lease Agreement expired in October 2009, and the Applicants did not receive Commission approval to continue the Lease Agreement. Starting in October 2009, the parties of the Lease Agreement continued operating under the Lease Agreement on a month-to-month basis. During this period, Dale Service has continued to pay the same base rent and additional monthly fees that it was paying when the Lease Agreement expired.

In the amended application filed June 1, 2010, the Applicants propose to enter into a revised Lease Agreement ("Revised Agreement") with a base rental rate of $14 per SF, plus $4.24 per SF for common area maintenance costs, as well as taxes, insurance, and trash service. The Revised Agreement has a term of one year beginning June 1, 2010, and expiring May 31, 2011.

The purpose of extending the Lease Agreement is to allow Dale Service to continue operating from its current location. Dale Service began leasing the Premises in 2004. Prior to that time, Dale Service leased a smaller office at 5565 Mapledale Plaza, Dale City, Virginia, from the Hylton Trust through Interstate. The current location is more than twice the square footage as the previous location with 2,431 SF compared to 1,000 SF. The Applicants state that this additional space allows Dale Service to house all of its administrative operations, including customer service and storage for company and customer-related files, in one location. The Applicants represent that the terms and conditions of the Revised Agreement are similar to the agreement last approved by the Commission in Case No. PUE-2004-00093.

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 Revised Agreement is in the public interest and should be approved pursuant to the Affiliates Act.

The Applicants represent that the Revised Agreement offers both tangible and intangible benefits to Dale Service and its customers. The Premises is situated within Dale Service's service territory and is conveniently located for its customers. Dale Service's office has been at this location for the past five years. Prior to that time, Dale Service's office was in the same shopping area. Customers should be familiar with its location. Also, by allowing Dale Service to continue leasing its current office space, Dale Service will avoid the cost of moving to a different location. Further, the current office provides Dale Service with the additional space to house all of its operations and files and eliminates the need for renting off-site storage facilities as it has done in the past. In the final year of the Lease Agreement, Dale Service paid a base rental rate of $16.00 per SF and continues to do so on a month-to-month basis. Based on information provided to Staff, the $14.00 per SF base rental rate appears to be consistent with the lower of cost or market pricing for affiliate transactions.

We are concerned, however, that the Applicants did not request an extension of the Lease Agreement prior to its expiration and instead waited six months after the Lease Agreement expired before requesting an extension. Dale Service should take the steps necessary to ensure that future requests for approval under the Affiliates Act are filed in a timely manner.

Accordingly, IT IS ORDERED THAT:

1) Pursuant to § 56-77 of the Code of Virginia, Dale Service Corporation is hereby granted approval to enter into the above-referenced Revised Agreement with Interstate Management, Inc., acting as agent for and on behalf of the trustees of the Irene V. Hylton Charitable Lead Trust, consistent with the findings above.

2) The authority granted herein shall be effective as of the date of this Order.

3) Dale Service shall bear the burden of proving, in any annual informational filing or rate case proceeding, that it paid the lower of cost or market under the Revised Agreement.

4) Commission approval shall be required for any changes in the terms and conditions of the Revised Agreement approved herein, including any successors or assigns.

5) The authority granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

6) The authority granted herein shall have no ratemaking implications for annual informational filings or future rate proceedings.

7) The authority granted herein shall not be deemed to include any approvals other than for the specific Revised Agreement approved herein.

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) There appearing nothing further to be done in this matter, it is hereby dismissed.

CASE NO. PUE-2010-00024
MAY 7, 2010

APPLICATION OF
CONSTELLATION NEW ENERGY-GAS DIVISION LLC

For a license to conduct business as a competitive service provider

ORDER GRANTING LICENSE

On March 23, 2010, Constellation NewEnergy-Gas Division, LLC ("Constellation" or "the Company") filed an application with the State Corporation Commission ("Commission") for a license to act as a competitive service provider for natural gas service. This application seeks authority to serve commercial and industrial customers throughout the Commonwealth of Virginia as the Commonwealth opens to retail access and customer choice. The Company attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Commission's Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules").

On April 6, 2010, the Commission issued an Order for Notice and Comment docketing the application; requiring that notice of the application be given to all local gas distribution companies operating in Virginia; allowing interested persons to file comments on the application; and requiring the Commission's Staff to analyze the reasonableness of the application and present its findings in a Staff Report. The Company filed proof of publication of its notice on April 20, 2010. No comments were received on Constellation's application.

The Staff filed its Report on April 26, 2010, addressing Constellation's fitness to conduct business as a competitive service provider for natural gas service. In its Report, the Staff summarized Constellation's proposal and evaluated its financial condition and technical fitness. Based on its review of the application, Staff recommended that Constellation be granted a license to conduct business as a competitive service provider of natural gas service to commercial and industrial customers throughout the Commonwealth of Virginia as Virginia opens to retail access and customer choice. No comments on the Staff report were received.

NOW UPON CONSIDERATION of the application, the Staff Report, the applicable law, and the Retail Access Rules, the Commission is of the opinion and finds that Constellation's request for a license as a competitive service provider of natural gas service should be granted, subject to the conditions set forth below.

Accordingly, IT IS ORDERED THAT:

(1) Constellation is hereby granted License No. G-26 to be a competitive service provider of natural gas service to commercial and industrial customers throughout the Commonwealth of Virginia as Virginia opens to retail access and customer choice. This license to act as a competitive service provider is granted subject to the provisions of the Retail Access Rules, this Order, and other applicable statutes.

(2) 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-2010-00026
AUGUST 26, 2010

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For a determination that its plan complies with 20 VAC 5-317-10 through -50 of the Virginia Administrative Code

ORDER

Virginia Code ("Code") § 56-235.1:1, enacted by the 2009 Session of the Virginia General Assembly,[1] directs the State Corporation Commission ("Commission") to adopt regulations for electric utility standby service provided by electric utilities to "customers that operate a cogeneration facility in the Commonwealth that generates renewable energy, as defined in § 56-576." The Code also requires that such regulations must "allow the electric utility to recover all of the costs that are identified by the electric utility and determined by the Commission to be related to the provision of the stand-by service, including but not limited to the costs of transformers and other equipment required to provide stand-by service and the costs of capacity and generation, including but not limited to fuel costs."

Section 56-235.1:1 of the Code further requires that within ninety (90) days of the effective date of such regulations, "each public utility providing electric service in the Commonwealth shall submit a plan setting forth how the utility will comply with the regulations if it does not already have stand-by provisions approved by the Commission that comply with the regulations." Thereafter, the Commission is required, after notice and an opportunity for a hearing, to determine whether a utility's plan complies with the regulations.

By Order dated December 2, 2009, in Case No. PUE-2009-00080, the Commission adopted regulations entitled: Rates for Standby Service Furnished to Certain Renewable Cogeneration Facilities Pursuant to § 56-235.1:1 of the Code ("Standby Service Rules").[2] Pursuant to 20 VAC 5-317-40 of the Standby Service Rules, each electric utility was required to submit to the Commission on or before April 1, 2010, its plan for compliance with the Standby Service Rules.

On March 31, 2010, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or " Company") filed an application ("Application") with the Commission seeking a determination that its Plan to Comply with the Commission's Rules Concerning Rates for Standby Service Furnished to Certain Renewable Cogeneration Facilities Pursuant to § 56-235.1:1 of the Code ("Compliance Plan") complies with the Standby Service Rules. The Company asserts that its current rate schedules are applicable to the provision of standby service to renewable cogeneration facilities. On April 14, 2010, the Company filed a Motion to revise its Compliance Plan, seeking to substitute the rate schedules accepted for filing by the Commission's Staff in Case No. PUE-2009-00019 for those originally included in the March 31, 2010 Application.

According to the Company, "[m]ost of Dominion Virginia Power 's currently effective rate schedules in the Company's Residential, GS-1, GS-2, GS-3 and GS-4 Customer Classes enable the Company to provide standby service to all of its residential and general service customers, including those who operate a cogeneration facility in the Commonwealth of Virginia that generates renewable energy."[3] The Company acknowledges that these rate schedules do not specifically address standby service for renewable cogeneration facilities but asserts that the existing tariffs can accommodate such arrangements and permit the Company to fully recover the costs related to the provision of standby service to renewable cogeneration facilities.

On April 27, 2010, the Commission issued an Order for Notice and Comment in this proceeding requiring the Company to provide notice to the public and allowing interested parties to comment on the Application or request a hearing in this matter. The Commission received no comments or requests for hearing. By letter dated July 2, 2010, the Commission Staff indicated that it did not intend to file comments.

NOW THE COMMISSION, having considered the matter, is of the opinion that Dominion Virginia Power's Compliance Plan satisfies the requirements of § 56-235.1:1 of the Code and the Commission's Standby Service Rules.

Accordingly, IT IS HEREBY ORDERED THAT:

(1) Dominion Virginia Power's Compliance Plan, as amended, is hereby approved.

(2) As there is nothing further to come before the Commission, this matter is dismissed and the papers herein placed in the file for ended causes.

[1] Chapter 745 of the 2009 Acts of Assembly.

[2] Chapter 317 (20 VAC 5-317-10 *et seq.*) of Title 20 of the Virginia Administrative Code.

[3] Application, Attachment A at 2.

CASE NO. PUE-2010-00028
SEPTEMBER 3, 2010

APPLICATION OF
APPALACHIAN POWER COMPANY

For a determination that its plan complies with 20 VAC 5-317-10 through -50 of the Virginia Administrative Code

ORDER

Virginia Code ("Code") § 56-235.1:1, enacted by the 2009 Session of the Virginia General Assembly,[1] directs the State Corporation Commission ("Commission") to adopt regulations for electric utility standby service provided by electric utilities to "customers that operate a cogeneration facility in the Commonwealth that generates renewable energy, as defined in § 56-576." This law also requires that such regulations must "allow the electric utility to recover all of the costs that are identified by the electric utility and determined by the Commission to be related to the provision of the stand-by service, including but not limited to the costs of transformers and other equipment required to provide stand-by service and the costs of capacity and generation, including but not limited to fuel costs."

Section 56-235.1:1 of the Code further requires that within ninety (90) days of the effective date of such regulations, "each public utility providing electric service in the Commonwealth shall submit a plan setting forth how the utility will comply with the regulations if it does not already have stand-by provisions approved by the Commission that comply with the regulations." Thereafter, the Commission is required, after notice and an opportunity for a hearing, to determine whether a utility's plan complies with the regulations.

By Order dated December 2, 2009, in Case No. PUE-2009-00080, the Commission adopted regulations entitled: Rates for Standby Service Furnished to Certain Renewable Cogeneration Facilities Pursuant to § 56-235.1:1 of the Code ("Standby Service Rules").[2] Pursuant to 20 VAC 5-317-40 of the Standby Service Rules, each electric utility was required to submit to the Commission, on or before April 1, 2010, its plan for compliance with the Standby Service Rules.

On April 2, 2010, Appalachian Power Company ("APCo" or "Company") filed a Motion to File Out of Time requesting that the Commission allow the Company to file its plan for compliance with the Standby Service Rules on or before April 15, 2010.[3] On April 15, 2010, APCo filed an application with the Commission seeking a determination that its modification to Schedule SBS, Virginia SCC Tariff No. 22 ("Compliance Plan") complies with the Standby Service Rules.

According to the Company, the modified Schedule SBS is consistent with the Standby Service Rules because it (1) is available to all customers who take Standard Service from the Company that request standby electric service for their cogeneration facilities that generate "renewable energy" as defined by § 56-576 of the Code and that are designed to operate in parallel with the Company's system, as required by the Standby Service Rules, and (2) provides for recovery of customer charges, distribution charges, transmission service charges, electricity supply charges, and fuel charges, as required by the Standby Service Rules.[4]

On April 27, 2010, the Commission issued an Order for Notice and Comment in this proceeding, granting the Company's Motion to File Out of Time, requiring the Company to provide notice to the public, and allowing interested parties to comment on the application or request a hearing in this matter. The Commission received no comments or requests for hearing. By letter dated July 2, 2010, the Commission Staff indicated that it did not intend to file comments.

NOW THE COMMISSION, having considered the matter, is of the opinion that Appalachian Power Company's Compliance Plan and modification of Schedule SBS satisfies the requirements of § 56-235.1:1 of the Code and the Commission's Standby Service Rules.

Accordingly, IT IS HEREBY ORDERED THAT:

(1) Appalachian Power Company's Compliance Plan and proposed modification of Schedule SBS is hereby approved.

(2) The Company is directed to file the modified schedule to be accepted as a replacement to its currently effective tariff within thirty (30) days of the date of this Order.

(3) As there is nothing further to come before the Commission, this matter is dismissed and the papers herein placed in the file for ended causes.

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[1] Chapter 745 of the 2009 Acts of Assembly.

[2] Chapter 317 (20 VAC 5-317-10 *et seq.*) of Title 20 of the Virginia Administrative Code.

[3] The Motion to File Out of Time was granted by Ordering Paragraph (3) of the Commission's April 27, 2010 Order for Notice and Comment issued in this proceeding.

[4] Application at 2.

CASE NO. PUE-2010-00030
MAY 24, 2010

APPLICATION OF
GLACIAL NATURAL GAS COMPANY

For a license to conduct business as a competitive service provider for natural gas

ORDER GRANTING LICENSE

On April 8, 2010, Glacial Natural Gas Company ("Glacial" or "the Company") filed an application with the State Corporation Commission ("Commission") for a license to be a competitive service provider for natural gas pursuant to the Commission's Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5-312-10 *et seq.* ("Retail Access Rules"). The Company seeks authority to serve residential, commercial, and industrial customers in retail access programs in the Virginia service territories of Columbia Gas of Virginia, Inc., and Washington Gas Light Company (including its Shenandoah Gas service area). The Company attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B.

On April 16, 2010, the Commission issued an Order for Notice and Comment establishing the case, requiring that notice of the application be given to Columbia Gas of Virginia, Inc., and Washington Gas Light Company and other interested persons, providing for the receipt of comments from the public, and requiring the Commission's Staff to analyze the reasonableness of the application and present its findings in a report ("Staff Report"). The Company filed proof of publication of its notice on April 26, 2010. No comments from the public on Glacial's application were received. The Staff Report was filed on May 11, 2010, concerning Glacial's fitness to conduct business as a competitive service provider for natural gas. The Staff Report summarized Glacial's proposal and evaluated its financial condition and technical fitness. The Staff recommended that Glacial be granted a license to conduct business as a competitive service provider for natural gas service to residential, commercial, and industrial customers in the service territories of Columbia Gas of Virginia, Inc., and Washington Gas Light Company. The Company filed no comments in response to the Staff Report.

NOW UPON CONSIDERATION of the application, the Staff Report, and the applicable law, the Commission finds that Glacial's application as a competitive service provider for natural gas should be granted, subject to the conditions set forth below.

Accordingly, IT IS ORDERED THAT:

(1) Glacial Natural Gas Company is hereby granted License No. G-27 to be a competitive service provider for natural gas to residential, commercial, and industrial customers in the service territories of Columbia Gas of Virginia, Inc., and Washington Gas Light Company. This license to act as a competitive service provider for natural gas is granted subject to the provisions of the Retail Access Rules, this Order, and other applicable statutes.

(2) This license is not valid authority for the provision of any product or service not identified within the license itself.

(3) This case shall remain open for consideration of any subsequent amendments or modifications to this license.

CASE NO. PUE-2010-00032
SEPTEMBER 27, 2010

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For a certificate of public convenience and necessity to construct and operate a 230 kV Transmission Line in the City of Hopewell and Prince George County and a Substation in Prince George County

FINAL ORDER

On April 26, 2010, Virginia Electric and Power Company ("Dominion Virginia Power" or "Company") filed an application with the State Corporation Commission ("Commission") for a certificate of public convenience and necessity to construct and operate a 230 kV transmission line in the City of Hopewell and Prince George County and a substation in Prince George County. Prepared testimony, exhibits, copies of correspondence, and other materials were filed in support of the Company's application.

The Company's application requests authority to construct a new single circuit 230 kV transmission line in the City of Hopewell and Prince George County that is approximately 2.5 miles long. The Company also proposes to construct a new substation ("Prince George Substation") in Prince George County.[1] The proposed transmission line would be located entirely within Dominion Virginia Power's existing right-of-way and would run from the Company's existing Hopewell Substation in the City of Hopewell to the proposed Prince George Substation. The Prince George Substation would be located adjacent to the Company's existing right-of-way near Middle Road in Prince George County.[2]

The estimated total cost of the Project, which is scheduled for completion in May 2012, is $14.1 million. Of this $14.1 million, $5.9 million is needed for the construction of the proposed 230 kV transmission line, and $8.2 million is needed for construction of the Prince George Substation and for additional work at the Company's Hopewell, Harvell, and Poe Substations.[3]

[1] Collectively, the proposed transmission line and substation will be referred to throughout this Order as the "Project."

[2] Application at 2.

[3] *Id.*

The Company's application represents that the need for the proposed Project is being driven by load growth in the City of Hopewell and Prince George County, particularly around Fort Lee, which has recently experienced significant load growth. Moreover, the future demand for power is projected to accelerate rapidly in the area. While from 2004 to 2009 the peak electrical demand in this area grew from 196.6 MW to 205.4 MW, an increase of 4.5%, load projections indicate an approximate 73.4% growth in load by 2019 when a peak electrical demand of 356.2 MW is projected.[4]

On June 2, 2010, the Commission entered an Order for Notice and Comment that docketed the application as Case No. PUE-2010-00032; directed Dominion Virginia Power to provide public notice of its application; invited interested persons to file written comments and/or requests for hearing on the application; ordered the Commission Staff ("Staff") to investigate the application and to file a Staff Report containing its findings and recommendations; and allowed Dominion Virginia Power to respond to the Staff Report and any public comments or requests for hearing. On July 16, 2010, the Commission entered an Order Granting Motion to Permit Correction of Notice to Landowners and Extend Certain Procedural Dates ("July 16, 2010 Order") which, among other things, directed the Company to resend the notice of its application and a copy of the June 2, 2010 Order for Notice and Comment to affected landowners within the route of the proposed transmission line and extended the dates for the filing of notices of participation, comments, and requests for hearing by those landowners. The July 16, 2010 Order also extended the dates for the filing of the Staff Report, the Company's response to the Staff Report, and any comments or requests for hearing filed by interested persons.

On July 16, 2010, the Department of Environmental Quality ("DEQ") filed its coordinated environmental review ("DEQ Report") of the proposed Project. After conducting their coordinated environmental review of the proposed transmission line and substation, the DEQ, other state agencies and commissions reviewing the Project, and Prince George County stated they "have no objection to the project as proposed."[5] However, the DEQ Report recommended that several mitigation measures be implemented by Dominion Virginia Power in order to lessen the impact of the Project on the environment and historic resources in the area. The DEQ Report also contains a wetlands consultation conducted by the DEQ's Office of Wetlands and Water Protection. While the DEQ's Office of Wetlands and Water Protection does not oppose the Company's proposed transmission line and substation, it made several recommendations to mitigate the impact of the Project on wetlands and streams, as well as identified certain permits that may be required for the Project.[6]

On August 16, 2010, the Staff filed its report ("Staff Report") summarizing the results of its investigation of the Company's application. The Staff Report found "that the Company has reasonably demonstrated the need for the proposed Hopewell-Prince George 230 kV single-circuit transmission line and the Prince George Substation, and that the proposed line route is optimal."[7] Accordingly, "[t]he Staff recommends that the Commission approve the construction and operation of the proposed Hopewell-Prince George 230 kV transmission line and Prince George Substation, as requested in the Application."[8]

No comments or requests for hearing were filed by interested persons.

On August 25, 2010, the Company filed its comments on the Staff and DEQ Reports. In its comments, Dominion Virginia Power agreed with the findings and recommendations in the Staff Report. The Company's comments also addressed the Staff's suggestion on page 15 of the Staff Report that the use of galvanized steel structures and non-reflective conductors would reduce the visual impact of the proposed transmission line on three subdivisions located in the vicinity of the Project. While Dominion Virginia Power did not challenge the Staff's suggestion that galvanized steel structures and non-reflective conductors would reduce the visual impact of the Project, the Company explained that it "chose Corten steel pole structures over galvanized steel poles because they are less expensive, their maintenance costs are lower and the weathering steel of the proposed structures will not appear significantly different from the appearance of the existing galvanized steel lattice towers" that must be removed to install the new transmission line.[9] Moreover, the Company stated that the aluminum conductor that it proposes for the line will "dull naturally under normal atmospheric conditions," thereby further reducing the visual impact of the proposed transmission line.[10]

The Company's comments also opposed two of the recommendations contained in the DEQ Report. First, the Company opposed the Virginia Department of Game and Inland Fisheries' ("VDGIF") recommendation that the Company be required to "[m]aintain undisturbed wooded buffers of at least 100 feet in width around all on-site wetlands and on both sides of all perennial and intermittent streams."[11] Dominion Virginia Power opposed this recommendation "because it presents safety and service reliability concerns and would violate the Company's Transmission Vegetation Maintenance Program ("TVMP"), established in compliance with FAC-003-1, the mandatory federal standard for transmission line vegetation management."[12]

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[4] *Id.* at 2-3. Two major economic development projects are driving the significant load growth projections for this area. First, Base Realignment and Closure ("BRAC") consolidation is occurring at Fort Lee, which will add additional infrastructure and personnel to Fort Lee. Second, a Rolls Royce plant is being developed in Prince George County, which will increase load significantly between 2009 and 2012. *See* Application at 3-4.

[5] DEQ Report at 6.

[6] DEQ Report, letter from Michelle Henicheck, PWS, Wetland Ecologist, to Ellie Irons, Office Environmental Impact Reviews, Department of Environmental Quality, dated May 20, 2010, at 2-3.

[7] Staff Report at 26.

[8] *Id.*

[9] DVP Comments at 3.

[10] *Id.*

[11] DEQ Report at 18.

[12] DVP Comments at 4-5.

The Company also opposed the VDGIF's recommendation that the Company "[a]dhere to a time-of-year restriction from March 15 through August 15 of any year for tree removal and ground clearing in order to protect nesting resident and migratory songbirds."[13] The Company claimed the VDGIF's recommendation is unreasonable because "it would prevent right-of-way vegetation management activities for almost half the year during months when they are most appropriately conducted" and because "[t]he Company must . . . conduct its right-of-way vegetation management activities year round in order to . . . comply with the TVMP and FAC-003-1, which require maintenance at regular intervals and annual patrols that could require additional corrective maintenance."[14] The Company stated, however, that it "can accommodate time-of-year restrictions for clearing activities in those areas where threatened and endangered species are found."[15]

Finally, the Company's comments stated that "[a]s a result of recent discussions between the Company and [the V]DGIF regarding the Company's concerns detailed above, [the V]DGIF delivered a letter to the Company, dated August 12, 2010, indicating that [the V]DGIF supports 'the State Corporation Commission's removal of these two conditions from Dominion's permit for the referenced project.'"[16] A copy of the VDGIF's August 12, 2010 letter withdrawing these two recommendations was attached to the Company's comments as Attachment A.

NOW THE COMMISSION, having considered the Company's application, the Staff and DEQ Reports, the Company's comments, and the applicable law, is of the opinion and finds that Dominion Virginia Power's application to construct and operate the proposed 230 kV transmission line in the City of Hopewell and Prince George County and the proposed Prince George Substation in Prince George County are justified by the public convenience and necessity, and that a certificate of public convenience and necessity should be issued authorizing the construction and operation of the proposed Project.

Approval

The statutory scheme governing the Company's application is found in several chapters of Title 56 of the Code of Virginia ("Code"). Section 56-265.2 A of the Code provides that "[i]t 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 (i) shall consider the effect of the proposed facility on economic development within the Commonwealth and (ii) shall consider any improvements in service reliability that may result from the construction of such facility.

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."

Finally, the Code 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

According to the Company's application, the proposed transmission line and Prince George Substation are needed to accommodate current and future load growth in the City of Hopewell and Prince George County, particularly around the Fort Lee area. The Staff reviewed the Company's load flow studies and concluded that the load flow modeling and reliability needs presented by the Company to justify the Project are reasonable. Accordingly, the evidence in this case is undisputed that there is a need to construct and operate the proposed 230 kV transmission line and Prince George Substation.

Economic Development and Service Reliability

According to the Company's application, the proposed transmission line and Prince George Substation are necessary to maintain system reliability and support future load growth in the City of Hopewell and Prince George County. The Staff Report agreed that there is a need for the Project to assure the continued reliability of the Company's electrical facilities and concluded that "[t]he proposed project is necessary to continue a reliable electric supply to the load area and so is essential, in particular, to the expansion at Fort Lee and the new Rolls Royce aircraft engine plant, which are expected to bring large economic benefits to the area."[17]

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[13] DEQ Report at 19.

[14] DVP Comments at 8-9.

[15] DVP Comments at 9.

[16] *Id.* at 9-10.

[17] Staff Report at 21.

Based on the record in this case, it is undisputed that the transmission line and Prince George Substation are needed to maintain the current and future reliability of the electrical system of Dominion Virginia Power given the load growth projected in the Hopewell-Prince George area. In addition, the Project will promote economic development in the area by allowing sufficient supplies of electrical power to be delivered to Fort Lee, the Rolls Royce plant, and other economic development projects in the area, as well as future residential development. We therefore find that the proposed Project is necessary to assure the continued reliability of the electrical system of Dominion Virginia Power, and that the Project will promote future economic development in the Hopewell-Prince George area.

Scenic Assets, Historic Districts, and Existing Rights-of-Way

The Company's application included assessments of the environmental, architectural, and historic resources that could be potentially impacted by the proposed transmission line and Prince George Substation. The record reveals that the Project will be located in an area that is comprised of a mix of industrial and single family residential development. Although the Company's application indicates there are 115 single family homes within 500 feet of the proposed transmission line, the scenic assets should not be significantly impacted by the proposed transmission line. As noted in the Staff Report, the "new 230 kV line would replace (be built in the same location as) a portion of 115 kV Line #97 that has been idled from transmission use since the 1970s."[18] As further explained in the Staff Report, the current galvanized lattice structures of Line #97 will be removed and replaced with single shaft steel structures for the proposed transmission line. Accordingly, there should be very little, if any, additional scenic impacts associated with the new transmission line.

The Company also conducted a view-shed analysis to determine the impact the Project will have on the architectural and archeological sites in the area. Several architectural and archeological sites were identified in the view-shed analysis, including the Downtown Hopewell Historical District, which is eligible for the National Register of Historic Places. However, none of the architectural and archeological sites are expected to be adversely impacted by the Project, including the Downtown Hopewell Historic District "because the built environment and the existing landscape within the Project area appear to mitigate any potentially adverse visual impacts to this district resource."[19]

Accordingly, we find that the proposed transmission line and Prince George Substation will have little, if any, adverse impacts on the scenic and historic resources in the Project area. Moreover, since the transmission line will be built entirely on existing right-of-way, any scenic impacts of the transmission line will be minimized to the extent practicable.

Environmental Impact

Under §§ 56-46.1 A and B of the Code, the Commission is required to consider the proposed Project's impact on the environment and to establish such conditions as may be desirable or necessary to minimize adverse environmental 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.

In order to assist the Commission with its review of the potential impacts of the proposed transmission line and Prince George Substation, the DEQ filed its coordinated environmental review recommending that the Company undertake the following actions when constructing the transmission line and Prince George Substation:

- Follow DEQ's recommendations to minimize impacts to wetlands and streams (Environmental Impacts and Mitigation, item 1(d), pages 9-10).
- Conduct an environmental investigation, if not already done, on and near the property to identify any solid or hazardous waste sites or issues before work can commence. Reduce solid waste at the source, reuse it and recycle it to the maximum extent practicable, and follow DEQ's recommendations to manage waste, as applicable (Environmental Impacts and Mitigation, item 5(d), pages 15-16).
- Coordinate with the Department of Conservation and Recreation (DCR) 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 7(e), page 18).
- Continue to coordinate with the Department of Historic Resources (DHR) regarding potential impacts to historic resources (Environmental Impacts and Mitigation, item 10(e), page 20).
- Coordinate with the Department of Game and Inland Fisheries (DGIF) concerning the applicability of general recommendations to protect wildlife and natural resources (Environmental Impacts and Mitigation, item 8(c), pages 18-19).
- Coordinate [with] the Federal Aviation Administration regarding submission of Form 7460-1 (Environmental Impacts and Mitigation, item 12(c), page 21).
- Notify the Virginia-American Water Company of the scope of the project and allow the company an opportunity to comment (Environmental Impacts and Mitigation, item 13(c), page 22).
- Follow the principles and practices of pollution prevention to the maximum extent practicable (Environmental Impacts and Mitigation, item 14, page 22).
- Limit the use of pesticides and herbicides to the extent practicable (Environmental Impacts and Mitigation, item 15, page 22).

[18] *Id.* at 3.

[19] Company Application, appendix at 62.

The Company indicated that it intended to comply with all of the DEQ recommendations, with the exception of the VDGIF's recommended buffer zone for wetlands and streams and VDGIF's recommended time-of-use restriction. However, since the VDGIF subsequently withdrew these two recommendations after consulting with Dominion Virginia Power, there is no need for the Commission to address these recommendations at this time.

Alignment of the Proposed Transmission Line

The Company did not consider any routing alternatives for its proposed transmission line since it will be located entirely on existing right-of-way. The Staff Report concluded that "[t]he Company's proposed route is clearly optimal since it is entirely on existing right-of-way and is nearly a straight line."[20]

We agree with the Company and Staff that the proposed route of the transmission line is optimal because it will be located on existing right-of-way and is the shortest route between the Hopewell Substation and the proposed Prince George Substation.

Accordingly, IT IS ORDERED THAT:

(1) As proposed in the application, Dominion Virginia Power is authorized to construct and operate in the City of Hopewell and Prince George County a new 230 kV single circuit transmission line, approximately 2.5 miles in length, between the Company's existing Hopewell Substation and the proposed Prince George Substation.

(2) As proposed in the application, Dominion Virginia Power is authorized to construct and operate the Prince George Substation to be located in the vicinity of Middle Road in Prince George County.

(3) Pursuant to §§ 56-46.1, 56-265.2 and related provisions of Title 56 of the Code, Dominion Virginia Power's application for a certificate of public convenience and necessity to construct and operate a new 230 kV single circuit transmission line in the City of Hopewell and Prince George County and a new substation in Prince George County is granted, as provided for herein, and subject to the requirements set forth in this Order.

(4) Pursuant to the Utility Facilities Act, Chapter 10.1 (§§ 56-265.1 *et seq.*) of Title 56 of the Code, Dominion Virginia Power is issued the following certificate of public convenience and necessity:

> Certificate No. ET-104 m, which authorizes Dominion Virginia Power under the Utility Facilities Act to operate presently certificated transmission lines and facilities in Prince George County and the City of Hopewell, all as shown on the detailed map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2010-00032, cancels Certificate No. ET-104 l, issued to Dominion Virginia Power on October 31, 2008, in Case No. PUE-2007-00020.

(5) The Commission's Division of Energy Regulation shall forthwith provide the Company a copy of the certificate issued in Ordering Paragraph (4) above with the detailed map attached.

(6) The transmission line and substation project approved herein must be constructed and in service by December 31, 2012; however, the Company is granted leave to apply for an extension for good cause shown.

(7) As there is nothing further to come before the Commission, this matter is dismissed and the papers herein placed in the file for ended causes.

[20] Staff Report at 25.

CASE NO. PUE-2010-00033
JUNE 11, 2010

APPLICATION OF
MCBRIDE ENERGY SERVICES, LLC

For a license to conduct business as a competitive service provider for electricity

ORDER GRANTING LICENSE

On April 23, 2010, McBride Energy Services, LLC ("McBride Energy" or "the Company") filed an application with the State Corporation Commission ("Commission") for a license to be a competitive service provider for electric service pursuant to the Commission's Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5-312-10 *et seq.* ("Retail Access Rules"). The Company seeks authority to serve commercial and industrial customers in retail access programs throughout the Commonwealth. McBride Energy 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 April 30, 2010, the Commission issued an Order for Notice and Comment establishing the case; requiring that notice of the application be given to investor-owned electric utilities, electric cooperatives, and other interested persons; providing for the receipt of comments from the public; and requiring the Commission's Staff to analyze the reasonableness of the application and present its findings in a report ("Staff Report"). The Company filed proof of publication of its notice on May 6, 2010. No comments on McBride Energy's application were received from the public.

The Staff Report was filed on May 27, 2010. The Staff Report summarized McBride Energy's proposal and evaluated its financial condition and technical fitness. The Staff recommended that McBride Energy be granted a license to conduct business as a competitive service provider for electric service to commercial and industrial customers throughout the Commonwealth. The Company filed no comments in response to the Staff Report.

NOW UPON CONSIDERATION of the application, the Staff Report, and applicable law, the Commission finds that McBride Energy's application for a license to conduct business in the Commonwealth as a competitive service provider of electricity should be granted, subject to the conditions set forth below.

Accordingly, IT IS ORDERED THAT:

(1) McBride Energy Services, LLC is hereby granted License No. E-22 to be a competitive service provider for electric service to commercial and industrial customers throughout the Commonwealth. This license to act as a competitive service provider for electricity 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-2010-00034
JULY 29, 2010

APPLICATION OF
THE POTOMAC EDISON COMPANY d/b/a ALLEGHENY POWER

For a determination that its plan complies with 20 VAC 5-317-10 through -50 of the Virginia Administrative Code

DISMISSAL ORDER

Section 56-235.1:1 of the Code of Virginia ("Code"), enacted by the 2009 Session of the Virginia General Assembly, directed the State Corporation Commission ("Commission") to adopt regulations for electric utility standby service provided by electric utilities to customers that operate a cogeneration facility in the Commonwealth that generates renewable energy, as defined in § 56-576 of the Code. By Order Promulgating Regulations, dated December 2, 2009, in Case No. PUE-2009-00080, the Commission adopted regulations entitled "Rates for Standby Service Furnished to Certain Renewable Cogeneration Facilities Pursuant to § 56-235.1:1 of the Code of Virginia" ("Standby Service Rules"). The Standby Service Rules required each electric utility providing electric service in the Commonwealth to submit to the Commission its plan for compliance with the Standby Service Rules on or before April 1, 2010, as required by the Code.

On April 20, 2010, The Potomac Edison Company d/b/a Allegheny Power ("Potomac Edison" or the "Company") filed its Motion to File Out of Time ("Motion") and application, requesting that the Commission find that the Company's existing Alternative Generation Schedule AGS, S.C.C. Va. No. 15, complies with the Standby Service Rules. On May 6, 2010, the Commission issued an Order for Notice and Comment, which granted the Company's Motion, docketed its application, and provided an opportunity for comments and requests for hearing on the application.

On September 15, 2009, Rappahannock Electric Cooperative, Shenandoah Valley Electric Cooperative (collectively, the "Cooperatives"), and Potomac Edison (with the Cooperatives, collectively, the "Joint Petitioners") filed a Joint Petition with the Commission requesting, among other things, approval of a transaction that would result in the sale to the Cooperatives of Potomac Edison's electric distribution facilities used in connection with the retail sale and distribution of electric power in its Virginia service territory (the "Transaction").[1] On May 14, 2010, the Commission granted the Joint Petition subject to certain requirements to which the Joint Petitioners agreed. On June 1, 2010, the Joint Petitioners completed the Transaction, and the Cooperatives began to provide retail electric service to the customers of Potomac Edison.

As a result of the Transaction, Potomac Edison no longer provides retail electric service to customers in Virginia and is therefore not subject to the Standby Service Rules. An application by the Cooperatives seeking a determination that their existing tariff complies with the Standby Service Rules is pending before the Commission in Case No. PUE-2010-00036.[2]

On June 15, 2010, Potomac Edison filed with the Commission a Motion to Dismiss this proceeding and stated that counsel for Commission Staff does not oppose the Motion.

NOW THE COMMISSION, being sufficiently advised, is of the opinion and finds that Potomac Edison's Motion to Dismiss should be granted.

Accordingly, IT IS ORDERED THAT:

(1) The Company's Motion to Dismiss is hereby granted.

(2) This case is hereby dismissed from the Commission's docket of active cases, and the papers filed herein shall be placed in the Commission's file for ended causes.

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[1] *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.

[2] *Application of Virginia Electric Cooperatives, For approval of standby service compliance plan*, Case No. PUE-2010-00036.

CASE NO. PUE-2010-00035
AUGUST 31, 2010

APPLICATION OF
KENTUCKY UTILITIES COMPANY d/b/a OLD DOMINION POWER COMPANY

For a determination that its plan complies with 20 VAC 5-317-10 through -50 of the Virginia Administrative Code

FINAL ORDER

Section 56-235.1:1 of the Code of Virginia ("Code"), enacted by the 2009 Session of the Virginia General Assembly,[1] directs the State Corporation Commission ("Commission") to adopt regulations for electric utility standby service provided by electric utilities to "customers that operate a cogeneration facility in the Commonwealth that generates renewable energy, as defined in § 56-576." This law also requires that such regulations must "allow the electric utility to recover all of the costs that are identified by the electric utility and determined by the Commission to be related to the provision of the stand-by service, including but not limited to the costs of transformers and other equipment required to provide stand-by service and the costs of capacity and generation, including but not limited to fuel costs."

Section 56-235.1:1 of the Code further requires that within ninety (90) days of the effective date of such regulations, "each public utility providing electric service in the Commonwealth shall submit a plan setting forth how the utility will comply with the regulations if it does not already have stand-by provisions approved by the Commission that comply with the regulations." Thereafter, the Commission is required, after notice and an opportunity for a hearing, to determine whether a utility's plan complies with the regulations.

By Order dated December 2, 2009, in Case No. PUE-2009-00080, the Commission adopted regulations entitled "Rates for Standby Service Furnished to Certain Renewable Cogeneration Facilities Pursuant to § 56-235.1:1 of the Code" ("Standby Service Rules").[2] Pursuant to 20 VAC 5-317-40 of the Standby Service Rules, each electric utility was required to submit to the Commission, on or before April 1, 2010, its plan for compliance with the Standby Service Rules.

On April 1, 2010, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP" or "Company") filed an application with the Commission seeking a determination that its proposed standard rate rider for Supplemental or Standby Service ("Rider") complies with the Standby Service Rules. According to the Company, the proposed Rider would provide supplemental or standby service "to customers whose premises or equipment are regularly supplied with electric energy from generating facilities other than those of [the] Company and who desire to contract with [the] Company for reserve, breakdown, supplemental or stand-by service."[3] The proposed tariff also provides that customers' payment under the tariff would be due twelve (12) days from the date of the bill.

On April 27, 2010, the Commission entered an Order for Notice and Comment in this proceeding that, among other things, directed KU/ODP to provide public notice of the proposed Rider and afforded interested persons an opportunity to file comments or request a hearing on the matter. No public comments, requests to participate as a respondent, or requests for a hearing were submitted.

On July 1, 2010, a Staff Report ("Report") prepared by the Commission's Division of Energy Regulation was filed. The Staff noted that, as filed, the rate calculations for KU/ODP's Rider included a number of inconsistencies: (i) a 7.787% weighted cost of capital;[4] (ii) inclusion of non-jurisdictional costs and data in the cost of service study; (iii) inclusion of primary demand costs in the rate base for secondary distribution lines; and (iv) inclusion of cost of service information that did not reflect the ratemaking adjustments approved in the Commission's Final Order in the Company's recent base rate proceeding.[5] Accordingly, the Staff proposed a revised Standby Service Rider that adjusts for these inconsistencies and provided the proper rates for KU/ODP to recover all of the costs identified by the Company to be related to the provision of standby service.

The Staff further noted that the Commission's Opinion and Final Order in Case No. 19589 established for public utilities a twenty (20) day minimum between the date of mailing a customer's bill and the date when such payment may be considered overdue.[6] Accordingly, the Staff recommended that the bill date period under the proposed tariff be changed from twelve (12) days to twenty (20) days.

On July 12, 2010, KU/ODP filed its response to the Staff Report ("Response"). In its Response, KU/ODP stated that it did not object to the contents or conclusions of the Staff Report and recommended that the Commission authorize the proposed standby service by approving the revised Standby Service Rider proposed by the Staff. KU/ODP requested that the Commission issue its order in this proceeding by August 31, 2010, making the revised Standby Service Rider effective for service rendered on and after September 1, 2010.

NOW THE COMMISSION, having considered the matter, is of the opinion and finds that KU/ODP's Rider, as revised by the Staff in its Report, complies with the Standby Service Rules. We further find that, as recommended by Staff, the bill date period under the Company's proposed Rider should be changed from twelve (12) days to twenty (20) days. The Company should file with the Commission's Division of Energy Regulation a revised rider that: (i) incorporates the Staff's revisions, and (ii) changes the bill payment due date period from twelve (12) days to twenty (20) days after the date of

[1] Chapter 745 of the 2009 Acts of Assembly.

[2] Chapter 317 (20 VAC 5-317-10 *et seq*.) of Title 20 of the Virginia Administrative Code.

[3] *See* Application, Standard Rate Rider SBR: Supplemental or Standby Service, "Availability of Service" (April 1, 2010).

[4] *See* Staff Report at 5-6. *See also Application of Kentucky Utilities Company d/b/a Old Dominion Power Company, For an adjustment of electric base rates*, Case No. PUE-2009-00029, Final Order (Mar. 4, 2010). The weighted cost of capital approved by the Commission in the Final Order was 7.846%.

[5] *Id.*

[6] *See Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte, in Re: Investigation to determine the reasonableness of certain practices and charges by public utilities*, Case No. 19589, 1977 S.C.C. Ann. Rept. 124, 130, Opinion and Final Order (Jan. 10, 1977).

the bill. The revised Rider should be submitted as soon as possible but in no event later than thirty (30) days from the entry of this Order and should be made effective for service rendered on and after September 1, 2010.

Accordingly, IT IS ORDERED THAT:

(1) KU/ODP's Rider, as revised by the Staff in its Report, complies with the Standby Service Rules.

(2) KU/ODP shall file with the Commission's Division of Energy Regulation, as soon as possible but in no event later than thirty (30) days from the date of this Order, a revised rider that: (i) incorporates the Staff's revisions, and (ii) changes the bill date period from twelve (12) days to twenty (20) days.

(3) The revised rider be made effective for service rendered on and after September 1, 2010.

(4) As there is nothing further to come before the Commission, this matter is dismissed from the Commission's active docket and the papers filed herein placed in the Commission's file for ended causes.

CASE NO. PUE-2010-00036
AUGUST 26, 2010

APPLICATION OF
VIRGINIA ELECTRIC COOPERATIVES

For approval of Standby Service Compliance Plan

ORDER

Virginia Code ("Code") § 56-235.1:1, enacted by the 2009 Session of the Virginia General Assembly,[1] directed the State Corporation Commission ("Commission") to adopt regulations for electric utility standby service provided by electric utilities to "customers that operate a cogeneration facility in the Commonwealth that generates renewable energy, as defined in § 56-576." This law also required that such regulations must "allow the electric utility to recover all of the costs that are identified by the electric utility and determined by the Commission to be related to the provision of the stand-by service, including but not limited to the costs of transformers and other equipment required to provide stand-by service and the costs of capacity and generation, including but not limited to fuel costs."

Section 56-235.1:1 of the Code further required that within ninety (90) days of the effective date of such regulations, each public utility providing electric service in the Commonwealth must "submit a plan setting forth how the utility will comply with the regulations if it does not already have stand-by provisions approved by the Commission that comply with the regulations." Thereafter, the Commission is required, after notice and an opportunity for a hearing, to determine whether a utility's plan complies with the regulations.

By Order dated December 2, 2009, in Case No. PUE-2009-00080, the Commission adopted regulations entitled: Rates for Standby Service Furnished to Certain Renewable Cogeneration Facilities Pursuant to § 56-235.1:1 of the Code ("Standby Service Rules").[2] Pursuant to 20 VAC 5-317-40 of the Standby Service Rules, each electric utility was required to submit to the Commission, on or before April 1, 2010, its plan for compliance with the Standby Service Rules.

On March 31, 2010, 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, Prince George Electric Cooperative, Rappahannock Electric Cooperative, Shenandoah Valley Electric Cooperative, and Southside Electric Cooperative (collectively, "Cooperatives") filed with the Commission a Request for Waiver or, in the Alternative, Proposed Compliance Plan ("Application" or "Compliance Plan").

In their Application, the Cooperatives requested that the Commission waive the Standby Service Rules for the Cooperatives and allow them to continue their current practice of negotiating standby service rates on a case-by-case basis. According to the Cooperatives, in negotiating an arrangement for standby service, each Cooperative would calculate the cost of the physical plant and other facilities necessary to serve the customer. The Cooperative would then collect these costs through an excess facilities charge, a contribution-in-aid of construction, or some combination of the two. The Cooperative and the customer would then enter into a formal agreement memorializing terms, which the Cooperatives argue would comply with the Standby Service Rules. According to the Application, each Cooperative has at least one existing rate schedule under which such service could be provided.[3]

On April 27, 2010, the Commission issued an Order for Notice and Comment in this proceeding denying the Cooperatives' request for waiver and requiring the Cooperatives to provide notice to the public and allowing interested parties to comment on the Application or request a hearing in this matter. The Commission received no comments or requests for hearing. By letter dated July 2, 2010, Staff indicated that it did not intend to file comments.

NOW THE COMMISSION, having considered the matter, is of the opinion that the Cooperatives' Compliance Plan satisfies the requirements of § 56-235.1:1 of the Code and the Commission's Standby Service Rules.

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[1] Chapter 745 of the 2009 Acts of Assembly.

[2] Chapter 317 (20 VAC 5-317-10 *et seq.*) of Title 20 of the Virginia Administrative Code.

[3] Application at 4-5.

Accordingly, IT IS HEREBY ORDERED THAT:

(1) The Cooperatives' Compliance Plan is hereby approved.

(2) As there is nothing further to come before the Commission, this matter is dismissed and the papers herein placed in the file for ended causes.

CASE NO. PUE-2010-00037
JULY 9, 2010

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

ORDER GRANTING APPROVAL

On April 21, 2010, Columbia Gas of Virginia, Inc. ("CGV" or "Applicant"), filed an application ("Application") with the State Corporation Commission ("Commission") requesting approval to modify an allocation basis employed in a Service Agreement, as amended ("Amended Service Agreement"), between CGV and NiSource Corporate Services Company ("NCSC") pursuant to Chapter 4 of Title 56 ("Affiliates Act") of the Code of Virginia ("Code").[1] The Applicant also requested: (i) modification of the allocation basis to be approved contemporaneously with the February 1, 2010, effective date of the modification for other NiSource affiliates;[2] (ii) the request to be approved without the necessity of a public hearing; and (iii) the Commission to grant such further relief as may be necessary and appropriate.

On June 15, 2010, pursuant to § 56-77 of the Code, the Commission entered its Order Extending Time for Review of the issues in this matter through July 20, 2010.

CGV is a Virginia public service corporation and natural gas local distribution company that serves approximately 240,000 residential, commercial, and industrial customers located in Central and Southern Virginia, the Piedmont region, the Shenandoah Valley, portions of Northern and Western Virginia, and the Hampton Roads region.

NCSC operates as a centralized service company subject to the jurisdiction of the Federal Energy Regulatory Commission pursuant to 18 C.F.R. §§ 366 *et seq*. of the Public Utility Holding Company Act of 2005 ("PUHCA 2005"). NCSC provides corporate, administrative, and technical support services to NiSource and its affiliates, including CGV.

NiSource is an energy holding company organized pursuant to PUHCA 2005, whose subsidiaries provide natural gas transmission, storage and distribution, electric generation, transmission and distribution, and other products and services to approximately 3.8 million customers located within a corridor that runs from the Gulf Coast through the Midwest to New England. For the twelve months ending December 31, 2009, NiSource reported consolidated revenues of approximately $6.65 billion and net income of $218 million. NiSource employs 7,616 people and has a current market capitalization of approximately $4.5 billion.

Since CGV and NCSC share the same senior parent company, NiSource, the companies are considered affiliated interests under § 56-76 of the Code. As such, CGV must obtain approval from the Commission pursuant to the Affiliates Act prior to entering into any contract or arrangement between the companies to furnish or receive services; purchase, sell, lease, or exchange any property, right, or thing; or purchase or sell treasury bonds or treasury capital stock.

The Amended Service Agreement, which the Commission previously approved in Case No. PUE-2009-00063,[3] allows CGV to obtain a variety of corporate, administrative, and technical support services ("Corporate Services")[4] from NCSC at cost, which includes overheads and reasonable compensation for the cost of capital[5] necessary to provide the services. NCSC bills the Corporate Services, to the extent possible, directly to the NiSource

[1] CGV is a wholly owned subsidiary of the Columbia Energy Group, which is a wholly owned subsidiary of NiSource Inc. ("NiSource"). NCSC is a wholly owned subsidiary of NiSource.

[2] NCSC updates its allocation factors on a semi-annual basis, each February and July.

[3] *See 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, 497, Order Granting Approval (Sept. 25, 2009) (hereafter "PUE-2009-00063 Order").

[4] The Corporate Services listed in Appendix A to the Amended Service Agreement include: Accounting and Statistical Services; Auditing Services; Budget Services; Business Promotion Services; Corporate Services; Depreciation Services; Economic Services; Electronic Communications Services; Employee Services; Engineering and Research Services; Gas Dispatching Services; Information Technology Services; Information Services; Insurance Services; Legal Services; Office Space; Officers; Operations, Support and Planning Services; Purchasing, Storage and Disposition Services; Rate Services; Tax Services; Transportation Services; Treasury Services; Land/Surveying Services; Customer Billing, Collection and Contact Services; and Miscellaneous Services. However, Ordering Paragraph (3) of the PUE-2009-00063 Order denied approval of the Miscellaneous Services service category and requires CGV to seek separate Commission approval to add a new Corporate Service from NCSC that is not specifically identified in the Amended Service Agreement.

[5] CGV represents that the term "compensation for the cost of capital" refers to the recovery of the interest costs that NCSC incurs on its inter-company long-term debt with NiSource Finance Corporation. There is no cost of equity component included in the Corporate Service charges.

affiliate receiving the service. Any remaining costs are allocated using one of thirteen allocation bases.[6] Article 2, Section 2.2 of the Amended Service Agreement allows NCSC to modify the allocators to reflect the addition, sale or modification of groups of NiSource companies within an allocation basis. Ordering Paragraph (6) of the PUE-2009-00063 Order states that any change in the terms or conditions of the Amended Service Agreement, including any changes in allocation methodologies affecting CGV, requires further Commission approval.

Allocation Basis 20

Allocation Basis 20 – Direct Costs ("Basis 20") is described below.

> Job order charges will be allocated to each benefited affiliate on the basis of the relation of its direct costs billed by [NCSC] to the total of all direct costs billed by [NCSC]. All companies may be included in this allocation.

The primary purpose of Basis 20 is to allocate corporate type functions that benefit all NiSource companies, including the NiSource parent and non-regulated affiliates. Historically, the Basis 20 term "all direct costs billed by NCSC" has been interpreted to include all NCSC contract billings, which includes billings for services provided to all NiSource affiliates and NiSource Business Unit ("NBU") specific billings. A NBU is a group of NiSource affiliate companies with similar operations that report internally or externally as a business segment up to a NBU chief executive. NBUs sometimes employ NCSC to provide and bill out certain services that are shared only between the affiliates that comprise the NBU. NCSC does not bill CGV or any other NiSource affiliate for use of the billing system because it is fully depreciated.

Recently, the NiSource Gas Distribution NBU has transferred certain operating functions to NCSC,[7] which has increased its NBU specific billings. That, in turn, has increased the percentage of NCSC charges allocated to CGV under Basis 20. NCSC, after consulting with the NBUs, determined that Basis 20 should be modified to include only the billings for services provided to all NiSource affiliates in order to achieve a more equitable allocation of costs.

The effect of the proposed change is expected to reduce CGV's Basis 20 billings. Based on NCSC's 2009 contract billings, CGV's Basis 20 allocation percentage would decline 84 basis points (from 4.98% to 4.14%), and its annual Corporate Services charges would decrease approximately $490,000. CGV further represents that the Basis 20 modification will not shift costs to another part of its NCSC contract bill or change its billings from other NBU affiliates.

NOW THE COMMISSION, upon consideration of the Application and representations of the Applicant and having been advised by its Staff, is of the opinion and finds that the captioned Application appears reasonable. The proposed Basis 20 modification should produce a more equitable allocation of NCSC Corporate Service charges to NiSource affiliates. For CGV, the Basis 20 change is expected to reduce annual Corporate Services costs by approximately $490,000. Therefore, we find that the proposed modification of Basis 20 pursuant to the Amended Service Agreement is in the public interest and should be approved subject to the following requirements.

First, we find that all of the regulatory, recordkeeping, and reporting requirements for the Amended Service Agreement that were established by the PUE-2009-00063 Order should remain in force.

Second, we note that CGV has not requested any change in the language of the Amended Service Agreement itself to highlight the Basis 20 modification. For the purpose of future reference, we find that CGV should file with the Commission within sixty (60) days of the date of this Order an addendum to the Amended Service Agreement stating that Basis 20 has been modified to allocate corporate type functions and costs that benefit all NiSource companies pursuant to our Order Granting Approval in Case Number PUE-2010-00037.

Third, CGV represents that its request for approval effective with the February 2010 billings is intended to align the effective date of the Basis 20 modification for CGV with NCSC's semi-annual allocation basis update and the effective date of the Basis 20 modification for other NiSource affiliates. In addition, CGV represents that it will receive a credit from NCSC for the difference in current and proposed Basis 20 billings from February 2010 to the present. Based on these representations, we will approve the Basis 20 modification contemporaneously with the February 1, 2010, effective date of the modification for other NiSource affiliates.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, Columbia Gas of Virginia, Inc., is hereby granted approval to modify the Basis 20 allocation basis for the Amended Service Agreement, consistent with the findings set out above and effective with the February 1, 2010, modification date for other NiSource affiliates as described herein.

(2) The regulatory, recordkeeping, and reporting requirements that are set out in the PUE-2009-00063 Order shall remain in full force.

(3) Within sixty (60) days of the date of the entry of the Order Granting Approval in this case, CGV shall file with the Commission an addendum to the Amended Service Agreement stating that Basis 20 has been modified to allocate corporate type functions and costs that benefit all NiSource companies pursuant to the Commission's Order Granting Approval in Case Number PUE-2010-00037.

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[6] The allocation bases listed in Revised Exhibit A to the Amended Service Agreement include: 50% Gross Fixed Assets and 50% Total Operating Expenses; Gross Fixed Assets; 50% Gross Depreciable Property and 50% Total Operating Expense; Gross Depreciable Property; Automobile Units; Number of Retail Customers; Number of Regular Employees; Fixed Allocation; Number of Transportation Customers; Number of Commercial Customers; Number of Residential Customers; Number of High Pressure Customers; and Direct Costs.

[7] The transferred functions and services include: Bangs Fabrication Shop; Billing Exceptions; Cash Operations; Columbia Distribution Company Sales; Damage Prevention & Recovery; Engineering Technology; Gas Transportation Management; Meter Shop; Operations Support; Program Administration; Revenue Recovery; Standards and Compliance; and Technical Support. CGV benefits from all of the transferred functions and services, which are classified under existing and previously approved service categories.

(4) Commission approval shall be required for any changes in the terms and conditions of the Amended Service Agreement, including any changes in allocation methodologies affecting CGV and successors or assignees.

(5) 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 Amended Service 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 in connection with the approval granted herein whether or not such affiliate is regulated by this Commission.

(8) CGV shall include the transactions associated with the Basis 20 modification to the Amended Service Agreement approved in this case in its Annual Report of Affiliate Transactions ("ARAT") submitted to the Commission's Director of the Division of Public Utility Accounting ("PUA Director") on May 1 of each year, subject to administrative extension by the Commission's PUA Director.

(9) 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.

(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-2010-00038
JULY 1, 2010

APPLICATION OF
APPALACHIAN POWER COMPANY
and
AEP APPALACHIAN TRANSMISSION COMPANY, INC.

For authority to enter into affiliate transactions under Chapter 4 of Title 56 of the Code of Virginia

ORDER TERMINATING PROCEEDING

On April 26, 2010, Appalachian Power Company and AEP Appalachian Transmission Company, Inc. ("Virginia Transco") (collectively, the "Joint Applicants"), filed a joint application ("Application") with the State Corporation Commission ("Commission") seeking authority to enter into affiliate transactions pursuant to Chapter 4 of Title 56 of the Code of Virginia.[1]

On April 30, 2010, the Commission issued an Order for Notice and Comment and Extending Time for Review ("Procedural Order"). Among other things, the Procedural Order established deadlines for the filing of written comments, notices of participation, and requests for hearing. The Procedural Order also authorized the Joint Applicants, on or before July 2, 2010, to respond to any request for hearing and to file rebuttal testimony.

On June 29, 2010, the Joint Applicants filed a Motion to Withdraw Application and Terminate Proceeding ("Motion"). In support of their Motion, the Joint Applicants note that their response to the rate impact analysis conducted by the Staff of the Commission ("Staff") in the Staff Report filed on June 22, 2010, will necessarily be dependent upon the formula transmission rate that has not yet been approved for Virginia Transco by the Federal Energy Regulatory Commission ("FERC") in Docket No. ER10-355-000. Because it is unlikely the FERC proceeding will be concluded prior to the Commission's statutory deadline for ruling on the Application, the Joint Applicants seek leave to withdraw the Application and request that the Commission terminate this proceeding. Also, because their rebuttal testimony is currently due on July 2, 2010, the Joint Applicants request expedited consideration of their Motion.

On June 30, 2010, the Staff, by counsel, filed a letter stating that it does not oppose the Motion. The Old Dominion Committee for Fair Utility Rates also consented to the Motion on July 1, 2010.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Motion should be granted and that the Application should be dismissed without prejudice.

Accordingly, IT IS ORDERED THAT:

(1) The Joint Applicants' Motion is hereby granted.

(2) This matter is dismissed without prejudice.

[1] Pursuant to Va. Code § 56-84, approximately thirty (30) affiliates of the Joint Applicants also joined in the Application.

CASE NO. PUE-2010-00039
JUNE 11, 2010

APPLICATION OF
GREEN kW ENERGY, INC.

For a license to conduct business as a competitive service provider for electricity

ORDER GRANTING LICENSE

On April 28, 2010, Green kW Energy, Inc., ("GkW Energy" or "Company"), filed an application with the State Corporation Commission ("Commission") for a license to be a competitive service provider for electricity pursuant to the Commission's Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5-312-10 *et seq.* ("Retail Access Rules). The Company seeks authority to serve commercial and industrial customers throughout the Commonwealth of Virginia. The Company attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Virginia Administrative Code.

On May 7, 2010, the Commission issued an Order for Notice and Comment ("Order") in this proceeding in which it, among other things: (1) required that notice of the application be served upon appropriate persons; (2) permitted interested persons to file comments on the Company's application; and (3) required the Commission Staff to analyze the reasonableness of GkW Energy's application and present its findings in a Staff Report ("Report"). On May 24 and May 26, 2010, the Company filed the proof of notice required by Ordering Paragraph (5) of the Order. No comments from the public on GkW Energy's application were received.

The Staff filed its Report on June 4, 2010, concerning GkW Energy's fitness to conduct business as a competitive service provider for electricity. In its Report, the Staff summarized GkW Energy's proposal and evaluated its financial condition and technical fitness. Based on its review of the application, Staff recommended that GkW Energy be granted a license to conduct business as a competitive service provider for electricity to commercial and industrial customers throughout the Commonwealth of Virginia. The Company filed no comments in response to the Staff Report.

NOW UPON CONSIDERATION of the application, the Staff Report, and the applicable law, the Commission finds that GkW Energy's application to be a competitive electric provider for electricity should be granted, subject to the conditions set forth below.

Accordingly, IT IS ORDERED THAT:

(1) Green kW Energy, Inc. is hereby granted License No. E-23 to be a competitive service provider of electricity to commercial and industrial customers throughout the Commonwealth of Virginia. This license to act as a competitive service provider for electricity is granted subject to the provisions of the Retail Access Rules, this Order, and other applicable statutes.

(2) This license is not valid authority for the provision of any product or service not identified within the license itself.

(3) This case shall remain open for consideration of any subsequent amendments or modification to this license.

CASE NO. PUE-2010-00040
OCTOBER 1, 2010

PETITION OF
C & P ISLE OF WIGHT WATER CO.

For approval of the disposition of a water facility serving the subdivision known as Queen Anne's Court to Isle of Wight County and approval to amend C & P Isle of Wight Water Co.'s certificate of public convenience and necessity

ORDER GRANTING APPROVAL

On April 30, 2010, C & P Isle of Wight Water Co. ("C&P" or "Petitioner") 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 the disposition of a water system and approval to amend C&P's certificate of public convenience and necessity to reflect such disposition. C&P and Isle of Wight County ("County") have entered into a Water System Purchase Agreement ("Agreement") wherein the County will purchase from C&P the water system serving the Queen Anne's Court subdivision located in the Newport Magisterial District in the County of Isle of Wight, Virginia. The water system currently serves 62 customers in the subdivision.

C&P is a Virginia public service corporation that provides water in southeastern Virginia to 753 customers. C&P owns and operates the Queen Anne's Court water system. C&P, which is headquartered in Smithfield, Virginia, is jointly owned and operated by Ted W. Christian and David D. Pugh. The County operates as a public service authority and provides water service to customers in and around the County of Isle of Wight, Virginia.

The Petitioner states that the water system is currently experiencing issues with the amount of fluoride contained in the water. The Petitioner further states that C&P is unable to remedy the issue unless major upgrades are made to the system, which will, in turn, require major expenditures on C&P's behalf and would likely result in significant rate increases for all of C&P's customers. The Petitioner represents that the County is in position to provide adequate service to the customers at just and reasonable rates. The Petitioner further represents that C&P will continue providing service to its other customers at just and reasonable rates, and the service to its customers will not be impaired or jeopardized by the proposed transfer.

The assets involved in the proposed transfer include all items used in the delivery of water to the Queen Anne's Court subdivision customers, including, but not limited to, all easements, rights-of-way, territorial rights, permits and franchises, and the distribution system, including all pipelines, water meters, and connections, and all other hardware, excluding the well lot and pump house.

In accordance with the Agreement, the County will purchase the water system from C&P for $70,000. The purchase price was negotiated at arm's length by the parties. C&P acquired the system in June 1998 at an original cost of $24,500.

The purpose of the transfer for C&P is to allow it to dispose of a water system that is in need of significant upgrades. The fluoride levels of the water system exceed the acceptable levels approved by the Commonwealth of Virginia's Department of Health. Excessive fluoride levels can present certain health risks. The Petitioner represents that C&P would need to spend a significant amount of money to bring the fluoride to acceptable levels.

For the County, the purpose of the transfer is to acquire a water system within its operating territory in an effort to provide its citizens with a dependable supply of drinking water. The County plans to abandon the system's well and connect the system to a treated water source from the Western Tidewater Water Authority ("WTWA"). By doing so, the County will be able to eliminate the excessive fluoride in the water and provide Queen Anne's Court residents with clean, reliable water.

After the proposed transfer, the Queen Anne's Court customers will be served by the County and will pay its rates, which are expected to be higher than C&P's. Additionally, the customers will be required to pay a connection fee of $500. The Queen Anne's Court customers were notified of the proposed transfer and the resulting increase in rates and connection fee, and no customer commented on or responded to the notice. The connection fee will be used to help offset the County's cost of connecting the water system to the WTWA infrastructure. The connection fee will be billed separately from the service bill, and owners will be given six months to pay the fee before any interest will begin to accrue. After the six-month period, a 10% penalty plus interest will accrue at a rate of 10% per annum, billed monthly.

NOW THE COMMISSION, upon consideration of the petition and representations of the Petitioner and having been advised by its Staff, is of the opinion and finds that the proposed transfer will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and, therefore, should be approved.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-89 and 56-90 of the Code, the Petitioner is hereby granted approval of the transfer of the Queen Anne's Court water system to Isle of Wight County, as described herein.

(2) C & P Isle of Wight Water Co.'s Certificate No. W-283(f) is hereby cancelled.

(3) C & P Isle of Wight Water Co. shall be granted a certificate of public convenience and necessity, Certificate No. W-283(g), to provide water service to the subdivisions previously authorized in Certificate No. W-283(f) that are not covered by our approval in this matter.

(4) Within sixty (60) days from the date of this Order Granting Approval, C & P Isle of Wight Water Co. shall submit to the Commission's Division of Energy Regulation a new tariff that reflects the changes to C&P's service area.

(5) Within ninety (90) days of completing the transfer, the Petitioner shall file a report with the Commission to include the date of the transfer, the actual transfer price, and the actual accounting entries reflecting the transfer.

(6) There appearing nothing further to be done in this matter, it hereby is dismissed.

CASE NO. PUE-2010-00042
MAY 11, 2010

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

To revise its fuel factor pursuant to § 56-249.6 of the Code of Virginia

ORDER ESTABLISHING 2010-2011 FUEL FACTOR PROCEEDING

On April 30, 2010, Virginia Electric and Power Company ("Dominion Virginia Power" or "Company") filed with the State Corporation Commission ("Commission") its application, written testimony, and exhibits requesting to decrease its fuel factor from 2.927 cents per kilowatt-hour to 2.803 cents per kilowatt-hour, effective for usage on and after July 1, 2010. According to the Company's application, the proposed fuel factor will decrease the Company's fuel expense recovery by approximately $81.6 million below the 2009-2010 fuel recovery level.[1]

The Company's proposed total fuel factor, Fuel Charge Rider A, consists of both a current and prior period factor. According to the application, Fuel Charge Rider A's proposed current period factor of $0.02659/kWh is designed to recover the Company's estimated Virginia jurisdictional fuel expenses of approximately $1.8 billion for the period July 1, 2010 through June 30, 2011. Fuel Charge Rider A's proposed prior period factor of $0.00144/kWh is designed to recover approximately $94.4 million, and this amount is the net of three projected June 30, 2010 balances. The first balance is the projected June 30, 2010 under-recovery balance of approximately $61.7 million associated with recovery of the July 2009 through June 2010 current period expense. The second balance is the projected June 30, 2010 over-recovery balance of approximately $0.8 million associated with recovery of the July 2009 through June 2010 prior period expense. The third balance is the projected June 30, 2010 under-recovery balance of approximately $33.5 million associated with

[1] Company application at 2.

recovery of the remaining portion of the June 30, 2007 Deferral Portion balance pursuant to Va. Code § 56-249.6 C. In connection with its application, the Company is also proposing certain modifications to the Commission's Definitional Framework of Fuel Expenses for Virginia Electric and Power Company, one of which specifies the fuel factor treatment for revenues associated with certain transmission rights the Company receives via its membership and participation in the PJM Interconnection. Additionally, and concurrent with filing its application herein, the Company filed with the Clerk of the Commission a motion seeking the entry of a protective order in this docket.

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 on the application.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUE-2010-00042.

(2) The Company's proposed fuel factor of 2.803 cents per kilowatt-hour shall be placed into effect on an interim basis for service rendered on and after July 1, 2010.

(3) A public hearing shall be convened on September 8, 2010, at 10:00 a.m. in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, to receive comments from the public and evidence related to the establishment of Dominion Virginia Power's fuel factor. Any person desiring to make a statement at the public hearing concerning the application need only appear in the Commission's Second Floor Courtroom at 9:45 a.m. on the day of the hearing and identify himself or herself to the Commission's Bailiff.

(4) The Company shall forthwith make copies of its application, prefiled testimony, and exhibits available for public inspection during regular business hours at all Company offices in the Commonwealth of Virginia. Interested persons may also review a copy 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, between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday, excluding holidays. Interested persons may also request a copy of the same, at no charge, by written request to counsel for Dominion Virginia Power, Karen L. Bell, Esquire, or William H. Baxter, II, Esquire, Dominion Resources Services, 120 Tredegar Street, Richmond, Virginia 23219. Dominion Virginia Power shall make a copy available on an electronic basis upon request. In addition, unofficial copies of the Company's application, Commission Orders entered in this docket, the Commission's Rules of Practice and Procedure ("Rules"), as well as other information concerning the Commission and the statutes it administers, may be viewed on the Commission's website at http://www.scc.virginia.gov/case.

(5) On or before June 3, 2010, Dominion Virginia Power shall cause a copy of the following notice to be published as display advertising (not classified) on one occasion in newspapers of general circulation throughout its service territory in the Commonwealth of Virginia:

NOTICE TO THE PUBLIC OF VIRGINIA
ELECTRIC AND POWER COMPANY'S REQUEST
TO DECREASE ITS FUEL FACTOR
CASE NO. PUE-2010-00042

On April 30, 2010, Virginia Electric and Power Company ("Dominion Virginia Power" or "Company") filed with the State Corporation Commission ("Commission") its application, written testimony, and exhibits requesting to decrease its fuel factor from 2.927 cents per kilowatt-hour to 2.803 cents per kilowatt-hour, effective for usage on and after July 1, 2010. According to the Company's application, the proposed fuel factor will decrease the Company's fuel expense recovery by approximately $81.6 million below the 2009-2010 fuel recovery level.

The Company's proposed total fuel factor, Fuel Charge Rider A, consists of both a current and prior period factor. According to the application, Fuel Charge Rider A's proposed current period factor of $0.02659/kWh is designed to recover the Company's estimated Virginia jurisdictional fuel expenses of approximately $1.8 billion for the period July 1, 2010 through June 30, 2011. Fuel Charge Rider A's proposed prior period factor of $0.00144/kWh is designed to recover approximately $94.4 million, and this amount is the net of three projected June 30, 2010 balances. The first balance is the projected June 30, 2010 under-recovery balance of approximately $61.7 million associated with recovery of the July 2009 through June 2010 current period expense. The second balance is the projected June 30, 2010 over-recovery balance of approximately $0.8 million associated with recovery of the July 2009 through June 2010 prior period expense. The third balance is the projected June 30, 2010 under-recovery balance of approximately $33.5 million associated with recovery of the remaining portion of the June 30, 2007 Deferral Portion balance pursuant to Va. Code § 56-249.6 C. In connection with this application, the Company is also proposing certain modifications to the Commission's Definitional Framework of Fuel Expenses for Virginia Electric and Power Company, one of which specifies the fuel factor treatment for revenues associated with certain transmission rights the Company receives via its membership and participation in the PJM Interconnection.

Pursuant to § 56-249.6 of the Code of Virginia, the Commission has scheduled a public hearing to commence at 10:00 a.m. on September 8, 2010, in the Commission's Second Floor Courtroom, Tyler Building, 1300 East Main Street, Richmond, Virginia, for the purpose of receiving comments from members of the public and evidence related to the establishment of Dominion Virginia Power's fuel factor.

The Company's application, prefiled testimony, and exhibits are available for public inspection during regular business hours at all of the Company's offices in the Commonwealth of Virginia. Interested persons may also review a copy of the application in the Commission's Document Control Center, located on the First Floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia, between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday, excluding holidays. A copy of the Company's application

may also be obtained by written request to counsel for Dominion Virginia Power, Karen L. Bell, Esquire, or William H. Baxter, II, Esquire, Dominion Resources Services, 120 Tredegar Street, Richmond, Virginia 23219. Dominion Virginia Power shall make a copy available on an electronic basis upon request. In addition, unofficial copies of the Company's application, Commission Orders entered in this docket, the Commission's Rules of Practice and Procedure, as well as other information concerning the Commission and the statutes it administers, may be viewed on the Commission's website: http://www.scc.virginia.gov/case.

Any person desiring to make a statement at the public hearing concerning the application need only appear in the Commission's Second Floor Courtroom at 9:45 a.m. on the day of the hearing and identify himself or herself to the Commission's Bailiff. Any person desiring to file written comments on the Company's application shall file, on or before September 2, 2010, such comments with the Clerk of the Commission at the address set forth below. Any person desiring to file comments electronically may do so, on or before September 2, 2010, by following the instructions found at the Commission's website: http://www.scc.virginia.gov/case.

On or before July 15, 2010, any interested person may participate as a respondent in this proceeding by filing an original and fifteen (15) copies of a notice of participation with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, and shall simultaneously serve a copy of the notice of participation on counsel to the Company. Interested persons should obtain a copy of the Commission's Order for further details on participation as a respondent.

On or before July 15, 2010, each respondent may file with the Clerk at the address set forth above, an original and fifteen (15) copies of any testimony and exhibits by which it expects to establish its case and shall serve copies of the testimony and exhibits on counsel to Dominion Virginia Power and on all other respondents.

All filings with the Clerk of the Commission shall refer to Case No. PUE-2010-00042 and shall simultaneously be served on counsel for the Company at the address set forth above.

VIRGINIA ELECTRIC AND POWER COMPANY

(6) On or before June 3, 2010, 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 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.

(7) At the commencement of the hearing scheduled herein, the Company shall provide proof of service and notice as required in this Order.

(8) Any person desiring to file written comments on the Company's application shall file, on or before September 2, 2010, such comments with 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 September 2, 2010, by following the instructions found at the Commission's website: http://www.scc.virginia.gov/case.

(9) On or before July 15, 2010, any interested person may participate as a respondent in this proceeding by filing an original and fifteen (15) copies of a notice of participation with the Clerk of the Commission at the address set out in Ordering Paragraph (8) above and shall simultaneously serve a copy of the notice of participation on counsel to the Company at the address set forth in Ordering Paragraph (4) above. Pursuant to Rule 5 VAC 5-20-80 of the Commission's Rules of Practice and Procedure, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Interested persons shall refer in all of their filed papers to Case No. PUE-2010-00042.

(10) Within three (3) business days of receipt of a notice of participation as a respondent, the Company shall serve upon each respondent a copy of this Order, a copy of the application, and all materials filed with the Commission, unless these materials have already been provided to the respondent.

(11) On or before July 15, 2010, each respondent may file with the Clerk of the Commission at the address set forth in Ordering Paragraph (8) above, an original and fifteen (15) copies of any testimony and exhibits by which it expects to establish its case and shall simultaneously serve copies of the testimony and exhibits on counsel to the Company and all other respondents.

(12) The Commission Staff shall investigate the reasonableness of the Company's estimated fuel expenses and proposed fuel factor. On or before August 5, 2010, the Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of the Staff's testimony and exhibits regarding the captioned application and shall promptly serve a copy on counsel to the Company and all respondents.

(13) On or before August 19, 2010, the Company shall file with the Clerk of the Commission an original and fifteen (15) copies of any testimony that the Company expects to offer in rebuttal to the testimony and exhibits of the respondents and the Commission Staff and shall on the same day serve one (1) copy on Staff and all respondents.

(14) The Company and all respondents shall respond to written interrogatories within five (5) 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.

(15) Pursuant to § 12.1-31 of the Code of Virginia and 5 VAC 5-20-120 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*, the Commission assigns a Hearing Examiner to rule on any discovery matter that may arise in this proceeding, including the Company's motion seeking the entry of a protective order in this docket filed with the Clerk of the Commission on April 30, 2010.

(16) This proceeding shall be continued generally.

CASE NO. PUE-2010-00042
OCTOBER 7, 2010

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

To revise its fuel factor pursuant to § 56-249.6 of the Code of Virginia

ORDER ESTABLISHING FUEL FACTOR

On April 30, 2010, Virginia Electric and Power Company ("Virginia Power" or "Company") filed with the State Corporation Commission ("Commission") its application, written testimony, and exhibits requesting to decrease its fuel factor from 2.927¢/kilowatt-hour ("kWh") to 2.803¢/kWh, effective for usage on and after July 1, 2010 ("Application"). According to the Application, the proposed fuel factor will decrease the Company's fuel expense recovery by approximately $81.6 million below the 2009-2010 fuel recovery level.[1]

The Company's proposed total fuel factor, Fuel Charge Rider A, consists of a current period factor and a prior period factor. According to the Application, Fuel Charge Rider A's proposed current period factor of 2.659¢/kWh is designed to recover the Company's estimated Virginia jurisdictional fuel expenses of approximately $1.8 billion for the period July 1, 2010 through June 30, 2011. Fuel Charge Rider A's proposed prior period factor of 0.144¢/kWh is designed to recover approximately $94.4 million, and this amount is the net of three projected June 30, 2010 balances. The first balance is the projected June 30, 2010 under-recovery balance of approximately $61.7 million associated with recovery of the July 2009 through June 2010 current period expense. The second balance is the projected June 30, 2010 over-recovery balance of approximately $0.8 million associated with recovery of the July 2009 through June 2010 prior period expense. The third balance is the projected June 30, 2010 under-recovery balance of approximately $33.5 million associated with recovery of the remaining portion of the June 30, 2007 Deferral Portion balance pursuant to Va. Code § 56-249.6 C. The Company also proposed certain modifications to its Definitional Framework of Fuel Expenses ("Definitional Framework").

On May 11, 2010, the Commission entered an Order Establishing 2010-2011 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 hearing for September 8, 2010; and (4) directed that Virginia Power's proposed fuel factor of 2.803¢/kWh shall be placed into effect on an interim basis for service rendered on and after July 1, 2010.

The following parties filed notices of participation in this case: Virginia Committee for Fair Utility Rates ("Committee"); and the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"). The Commission received one written comment on the Application.

The Commission convened the public evidentiary hearing in Richmond on September 8, 2010. The following participated at the hearing: Virginia Power; Committee; Consumer Counsel; and the Commission's Staff ("Staff"). The Commission received into evidence the prefiled testimony from witnesses for the Company and Staff; the Committee and Consumer Counsel did not submit testimony. No public witnesses appeared at the hearing.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that Virginia Power's fuel factor approved herein shall be 2.803¢/kWh for service rendered on and after July 1, 2010.

Fuel Factor

No participant in this case opposed the Company's proposed fuel factor of 2.803¢/kWh, which we herein approve. Pursuant to Va. Code § 56-249.6, Virginia Power is statutorily entitled to recover its prudently incurred fuel costs. Indeed, in describing this statutory provision almost twenty years ago, the Commission explained that the fuel factor permits *dollar for dollar* recovery of prudently incurred fuel costs.[2] We find that the fuel factor approved herein is reasonably comprised of (1) a current period factor of 2.659¢/kWh, and (2) a prior period factor (*i.e.*, a correction factor) of 0.144¢/kWh.

Furthermore, and as also explained in prior fuel cases, approval of a fuel factor herein does not represent ultimate approval of the Company's actual fuel expenses. An audit and investigation of the Company's actual booked fuel expenses, among other things, is conducted by the Staff after the close of the fuel year. The Commission subsequently determines what are, in fact, reasonable, prudent and, therefore, allowable fuel expenses and credits, as well as the Company's recovery position as of the end of the audit period. For example, the Commission has previously described this review as follows:

> Should the Commission find in its Final Audit Order (1) that any component of the Company's actual fuel expenses or credits has been inappropriately included or excluded, or (2) that the Company has failed to make

[1] Application at 2.

[2] *Commonwealth of Virginia, ex rel. State Corp. Comm'n, Ex Parte: In the matter of establishing Commission policy regarding rate treatment of purchased power capacity charges by electric utilities and cooperatives*, Case No. PUE-1988-00052, 1988 S.C.C. Ann. Rept. 346, 347 (Nov. 10, 1988) (describing the "fuel factor" as "a statutory adjustment mechanism through which all prudently incurred energy costs are recovered, *dollar for dollar*" (emphasis added)). *See also Application of Kentucky Utils. Co., t/a Old Dominion Power Co., To revise its fuel factor pursuant to Virginia Code § 56-249.6*, Case No. PUE-1994-00043, 1995 S.C.C. Ann. Rept. 309, 310 (Jan. 6, 1995) ("*Kentucky Utils.*") (explaining that the "fuel factor mechanism . . . gives the Company *dollar for dollar* recovery for allowable fuel expenses" (emphasis added)).

> 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.[3]

Likewise, while we find that the fuel factor approved herein shall be implemented for usage on and after July 1, 2010, 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.

Definitional Framework

The Company proposes changes to the Definitional Framework that: (1) remove the reference therein to "fossil" fuels; (2) provide clarification regarding existing treatment of line losses; and (3) explicitly address the treatment of Financial Transmission Rights ("FTRs") and Auction Revenue Rights ("ARRs").[4] Staff supports the clarifications in (1) and (2), and states that (3) is not required.[5] Consumer Counsel and the Committee oppose all of the proposed changes to the Definitional Framework, asserting that such changes are unnecessary and/or may result in unintended consequences.[6] We find that no changes are necessary to the Definitional Framework in order to approve an appropriate fuel factor herein.[7]

Staff Recommendations

Finally, Staff also recommended as follows:

> (1) The Company's fuel accounting software should provide transparent information that allows for verification of fuel costs to invoices and other supporting documentation;
>
> (2) The results of financial hedges should be included in the [Company's Fuel Monitoring System ("FMS") reports] in order for the Commission to monitor the results of [Virginia Power's] financial hedging activity that [it] proposes to include in the fuel factor;
>
> (3) The Company should take the necessary steps to ensure that fuel information reported to the Commission in the FMS is accurate and ties to the data used to calculate the monthly fuel deferral on the Company's books; and
>
> (4) The Commission should require the Company to file for new approval of the affiliate agreements in Case Nos. PUA-1998-00037, PUA-1998-00039, PUA-1995-00028, PUE-2006-00067 and PUA-1997-00007.[8]

In response, the Company: (1) explains that it is in the process of implementing new fuel accounting software that will allow it to respond to future Staff audit requests in a more streamlined fashion;[9] (2) agrees to include the results of financial hedges in its FMS reports;[10] (3) agrees to ensure that the information in its FMS reports is accurate and tied to the data used to calculate the monthly fuel deferral on the Company's books;[11] and (4) agrees with Staff that any potential Commission review of the existing fuel-related affiliate agreements may be more appropriately addressed after the Commission's approval of a new services agreement between Virginia Power and Dominion Resources Services, Inc., which will be filed by December 11, 2010.[12]

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[3] *Kentucky Utils.*, 1995 S.C.C. Ann. Rept. at 311.

[4] *See, e.g.,* Ex. 8 at Exh. Page 1 of 1 (Foust direct).

[5] Ex. 18 at 11-12 (Lamm direct).

[6] Tr. 27, 29.

[7] The Definitional Framework applicable to the Company is not a regulation. It was adopted in 1979 by Order of this Commission in Case No. PUE-1979-00010 to implement provisions of § 56-249.6 of the Code. Since then, this Definitional Framework has periodically been modified to reflect technological, statutory or other changes, but only upon Order of the Commission. Thus, the Definitional Framework, as it has evolved via Commission Orders, serves as Commission precedent for the Company's fuel expense recovery and, as such, the Company's fuel expenses are expected to conform to such precedent. While it is not necessary to change the Definitional Framework in order to decide this case, we direct the Company, Staff, and interested parties to confer to see whether further modifications are necessary and whether agreement can be reached on appropriate modifications to the Definitional Framework that can be proposed in the next fuel factor proceeding.

[8] Ex. 21 at 33 (Pate direct).

[9] *See, e.g.,* Ex. 13 at 3 (Workman rebuttal).

[10] *See, e.g.,* Ex. 15 at 3 (Foust rebuttal).

[11] *See, e.g., id.* at 2-3.

[12] *See, e.g.,* Ex. 21 at 31-32 (Pate direct); Ex. 14 at 6 (Wood rebuttal). We do not address, at this time, whether the Company subsequently shall be required to file for new approval of the affiliate agreements in Case Nos. PUA-1998-00037, PUA-1998-00039, PUA-1995-00028, PUE-2006-00067 and PUA-1997-00007. Moreover, Staff may further address, in subsequent proceedings, other potential issues discussed in this case, such as (i) post-transaction analyses of affiliated coal transactions, and (ii) the Company's inability to identify the actual cost of natural gas purchased from Virginia Power Energy Marketing, Inc. *See, e.g.,* Ex. 21 at 24-28 (Pate direct); Ex. 16 at 1-5 (Hupp rebuttal); Ex. 14 at 1-7 (Wood rebuttal).

Accordingly, IT IS ORDERED THAT:

(1) The Company's fuel factor shall be 2.803¢/kWh for service rendered on and after July 1, 2010.

(2) The Company's proposed Fuel Charge Rider A is accepted for filing and shall become effective for service rendered on and after July 1, 2010.

(3) This case is continued generally.

CASE NO. PUE-2010-00043
AUGUST 23, 2010

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY d/b/a DOMINION VIRGINIA POWER

For revised Competitive Service Provider Coordination Tariff

FINAL ORDER

This Order accepts for filing, tariff revisions filed with the Clerk of the State Corporation Commission ("Commission") on May 5, 2010, by Virginia Electric and Power Company d/b/a Dominion Virginia Power ("DVP" or "Company"). The proposed tariff revisions consist of a revised Competitive Service Provider ("CSP") Coordination Tariff ("CSP Coordination Tariff") together with accompanying documents ("Filing").

The Commission's Order for Comment entered on June 18, 2010 in this docket ("Order for Comment") noted that the Company's May 5, 2010, transmittal letter accompanying the Filing ("Transmittal Letter") stated, in substance, that the revisions proposed to DVP's CSP Coordination Tariff (and accompanying documents) correspond to legislative and regulatory changes affecting electric utilities' coordination of billing and metering service with CSPs furnishing competitive electric generation supply. The tariff revisions were proposed to become effective on and after May 6, 2010.

In particular, the Company's Filing proposed changes to its currently effective: (i) CSP Coordination Tariff; (ii) Competitive Service Provider Agreement; (iii) Electronic Data Interchange (EDI) Trading Partner Agreement; (iv) Dispute Resolution Procedure between the Company and Competitive Services Providers for Retail Access to Electric Supply Services; and (v) Aggregator Agreement. The Transmittal Letter further stated that these documents also "reflect removal of the option for consolidated billing by either a CSP or the Company, and the option of competitive metering by a CSP."[1]

The Company had sought to make these changes administratively by transmitting them to the Clerk of the Commission for filing. However, as noted by the Commission in its Order for Comment, the proposed changes contained in the Filing have practical implications for competitive electric generation supply within DVP's service territory. Consequently, the Commission found that it would be beneficial to provide notice of this Filing to CSPs currently licensed to provide competitive electric generation supply in Virginia (and to those entities with pending CSP licensing applications) and to provide such CSPs (or prospective CSPs) an opportunity to comment on the Filing, prior to final action by the Commission thereon.

Consequently, the Commission's Order for Comment directed the Clerk of the Commission to send copies of that Order to all such current or prospective CSPs. The Order provided CSPs an opportunity to comment on the Company's Filing, on or before July 9, 2010. The Staff was also permitted by the Order to comment on the Filing on or before July 23, 2010, and the Company was permitted to reply to comments of interested parties and the Staff on or before July 30, 2010.

No comments were filed with the Commission on behalf of any interested person on or before July 9, 2010; the Staff filed correspondence with the Clerk of the Commission on July 21, 2010, stating that the Staff did not object to the relief sought by the Company in its Filing and further stating that the Staff did not intend to file comments in this docket. On July 30, 2010, the Company filed correspondence with the Clerk of the Commission noting the absence of any opposition to the Filing, and requesting that the Commission accept the proposed tariff revisions for filing, including its effective date for usage on and after May 6, 2010, and dismiss the case from the Commission's docket of active cases.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that the Company's proposed tariff revisions should be accepted for filing, effective for usage on and after May 6, 2010.

Accordingly, IT IS ORDERED THAT:

(1) The Company's proposed tariff revisions comprised by the Filing herein are hereby accepted for filing, effective for usage on and after May 6, 2010.

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

[1] Transmittal Letter at 2.

CASE NO. PUE-2010-00044
AUGUST 20, 2010

APPLICATION OF
NORTHERN VIRGINIA ELECTRIC COOPERATIVE

For general rate relief

ORDER FOR NOTICE AND HEARING

On August 10, 2010, Northern Virginia Electric Cooperative ("NOVEC" or "Applicant") completed an Application and Request for Waiver ("Application") with the State Corporation Commission ("Commission") for approval of its proposed rates, which would result in a general decrease in the rates charged to NOVEC's customers.[1] NOVEC filed this Application pursuant to §§ 56-231.33, 56-231.34, 56-235, and 56-585.3 of the Code of Virginia ("Code") and in accordance with the Commission's Orders in Case No. PUE-2008-00083.

NOVEC states that its last general rate case was filed with the Commission on July 7, 1991, as Case No. PUE-1991-00033.[2] The Applicant states that since that time, the number of customers that it serves has grown from 72,447 to more than 143,500. Additionally, in an Order Approving Tariff Modification, dated December 10, 2008, in Case No. PUE-2008-00083,[3] NOVEC received the Commission's approval to modify the tariff under which it recovers its wholesale power procurement costs to reflect its withdrawal from membership in the Old Dominion Electric Cooperative.[4] In an Order on Reconsideration in the same case, the Commission directed NOVEC to file this general rate proceeding on or before July 31, 2010.[5] NOVEC states that it has subsequently assumed full responsibility for all of its power purchases and has achieved wholesale power price stability.[6] The Applicant states that it is in a strong financial position as a result of sound corporate management and operations and that the reduction in rates requested in the Application will more accurately reflect its cost of service and allow it to maintain its financial strength and quality of service.[7]

The Applicant seeks approval to put in place new Energy Supply Services rates, including a Power Cost Adjustment. These new rates are designed to recover NOVEC's actual cost of purchased power and power cost related expenses.[8] The Applicant also seeks approval to decrease test year jurisdictional revenues by $9,789,134, or 2.68 percent, to produce total test year jurisdictional margins of $24,993,785. NOVEC asserts that the requested rates will result in a jurisdictional rate of return on rate base of 6.03 percent and would produce a Times Interest Earned Ratio of 5.72.[9] NOVEC states that it seeks to have its rate design move closer towards cost-based rates.[10]

For customers served under NOVEC's HV1 rate, NOVEC proposes to clarify the language regarding supply options that are available. Additionally, NOVEC proposes eliminating Schedule IS-3, Interruptible Service, and replacing it with an interruptible rider, Rider IS-1, as an option for customers who are served under the Large Power Service billing rate.[11]

In addition to the modification of its rates and tariffs, NOVEC is also proposing revisions to its Terms and Conditions for Providing Electric Service. The Applicant first proposes revising the line extension policy to require developers in certain new developments, including all new townhouse developments, to install a primary and secondary conduit system in order to enhance safety and reliability by minimizing the likelihood of damage to NOVEC's underground facilities in areas where the available space has been limited by the developer's subdivision layout.[12]

NOVEC also proposes revising the applicability of the Retail Access Terms and Conditions to include only non-residential customers. The Applicant states that this change is consistent with Chapter 397 of the 2010 Virginia Acts of Assembly, which amended § 56-577 of the Code. Additionally,

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[1] The Application was originally filed on July 30, 2010, in compliance with the Commission's Orders in *Application of Northern Virginia Electric Cooperative, For a modification to its tariff,* Case No. PUE-2008-00083, but was deemed incomplete at that time due to Schedule 9 missing certain necessary information. The additional information was filed and the Application was deemed complete as of August 10, 2010. Additionally, on August 11, 2010, NOVEC filed a revised page 3 to the Application.

[2] *Application of Northern Virginia Electric Cooperative, For a general increase in rates*, Case No. PUE-1991-00033, Application (July 7, 1991).

[3] *Application of Northern Virginia Electric Cooperative, For a modification of its tariff*, Case No. PUE-2008-00083, 2008 SCC Ann. Rpt. 594, Order Approving Tariff Modification (Dec. 10, 2008).

[4] *Id.* The tariff change was made effective for service rendered on and after January 1, 2009.

[5] *Application of Northern Virginia Electric Cooperative, For a modification of its tariff*, Case No. PUE-2008-00083, 2009 SCC Ann. Rpt. 343, Order on Reconsideration (Feb. 17, 2009).

[6] Application at 3.

[7] *Id.*

[8] *Id.*

[9] *Id.*

[10] *Id.* at 4.

[11] *Id.* at 4.

[12] *Id.* at 4-5.

the Applicant proposes to withdraw the Residential Retail Access tariff. NOVEC asserts that both of these changes are conditioned on the Commission's approval of the 100% Renewable Tariff proposed by NOVEC on July 2, 2010, in Case No. PUE-2010-00071.[13]

The Applicant requested that the revised rates and charges be suspended for one hundred fifty (150) days pursuant to § 56-238 of the Code and thereafter be permitted to take effect for bills rendered on or after January 1, 2011, subject to revision following a final order in this matter.[14]

Finally, NOVEC, pursuant to Rule 20 VAC 5-200-21 B 7 of the Virginia Administrative Code, has requested that the Commission grant a partial waiver of Rule 20 VAC 5-200-21 E, insofar as Rule 20 VAC 5-200-21 E requires NOVEC to file Schedules 15-19.[15]

NOW THE COMMISSION, upon consideration of the Application and applicable statutes and rules, is of the opinion and finds that this matter should be set for a public hearing to receive evidence on the Application and that, pursuant to Rule 5 VAC 5-20-120 A of the Commission's Rules of Practice and Procedure, this matter should be assigned to a Hearing Examiner to conduct all further proceedings, including ruling on the Applicant's Motion for Protective Order, which was filed with the Application on July 30, 2010. The Staff of the Commission ("Staff") shall investigate the Application and present its findings in testimony. The Applicant will be permitted to file testimony in rebuttal to the testimony filed by respondents and the Staff. While the Applicant requested that the rates and charges be suspended for one hundred fifty (150) days, we find that the proposed rates should be placed into effect on an interim basis, subject to refund, for service rendered on and after September 1, 2010. However, pursuant to § 56-238 of the Code, the Applicant's proposed terms and conditions should be suspended for a period of one hundred fifty (150) days from the date the Application was filed with the Commission, or through December 27, 2010.

We grant the Applicant's request for waiver of Schedules 15-19 as required by Rule 20 VAC 5-200-21 E.

Accordingly, IT IS ORDERED THAT:

(1) This matter shall be docketed and assigned Case No. PUE-2010-00044.

(2) Pursuant to Rule 5 VAC 5-20-120 A of the Commission's Rules of Practice and Procedure, a Hearing Examiner is appointed to conduct all further proceedings in this matter.

(3) NOVEC shall place its proposed rates into effect on an interim basis, subject to refund, for service rendered on and after September 1, 2010. Pursuant to § 56-238 of the Code, NOVEC's proposed terms and conditions should be suspended for one hundred fifty (150) days. The Applicant may, but is not obligated to, place its proposed terms and conditions into effect on an interim basis, subject to refund, for service rendered on or after December 27, 2010.

(4) The Applicant's request for waiver of Rule 20 VAC 5-200-21 E with regard to the filing of Schedules 15-19 is granted.

(5) A public hearing shall be convened on March 1, 2011, at 10:00 a.m., in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, to receive evidence related to the establishment of rates in this proceeding. Any person desiring to offer testimony as a public witness at the 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 Bailiff.

(6) NOVEC shall forthwith make copies of its Application, testimony, and schedules, as well as a copy of this Order, available for public inspection during regular business hours at NOVEC's business office at 10432 Balls Ford Road, Suite 220, Manassas, Virginia, 20109. Copies also may be obtained by submitting a written request to counsel for NOVEC, Richard D. Gary, Esquire, Hunton & Williams LLP, 951 East Byrd Street, Richmond, Virginia 23221. In addition, interested persons may review copies in the Commission's Document Control Center, located on the First Floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia, between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday, excluding holidays, or download unofficial copies from the Commission's website: http://www.scc.virginia.gov/case.

(7) On or before October 1, 2010, NOVEC shall cause a copy of the following notice to be published as display advertising (not classified) in newspapers of general circulation in its service territory:

NOTICE TO THE PUBLIC OF AN APPLICATION
BY NORTHERN VIRGINIA ELECTRIC COOPERATIVE,
FOR GENERAL RATE RELIEF
CASE NO. PUE-2010-00044

On August 10, 2010, Northern Virginia Electric Cooperative ("NOVEC" or "Applicant") completed an Application and Request for Waiver ("Application") with the State Corporation Commission ("Commission") for approval of its proposed rates, which would result in a general decrease in the rates charged to NOVEC's customers. NOVEC filed this Application pursuant to §§ 56-231.33, 56-231.34, 56-235, and 56-585.3 of the Code of Virginia ("Code") and in accordance with the Commission's Orders in Case No. PUE-2008-00083.

The Applicant seeks approval to put in place new Energy Supply Services rates, including a Power Cost Adjustment. These new rates are designed to recover NOVEC's actual cost of purchased power and power

[13] *Id.* at 5. For further details on this tariff proposal, see *Application of Northern Virginia Electric Cooperative, For approval of a 100% renewable tariff,* Case No. PUE-2010-00071, Application, Doc. Con. Cen. No. 100710105 (July 2, 2010).

[14] Application at 3.

[15] *Id.* at 5-6.

cost related expenses. The Applicant also seeks approval to decrease test year jurisdictional revenues by $9,789,134, or 2.68 percent, to produce total test year jurisdictional margins of $24,993,785. NOVEC asserts that the requested rates will result in a jurisdictional rate of return on rate base of 6.03 percent and would produce a Times Interest Earned Ratio of 5.72. NOVEC states that it seeks to have its rate design move closer towards cost-based rates. The Applicant states that it is in a strong financial position as a result of sound corporate management and operations and that the reduction in rates requested in the Application will more accurately reflect its cost of service and allow it to maintain its financial strength and quality of service.

For customers served under NOVEC's HV1 rate, the Applicant proposes to clarify the language regarding supply options that are available. Additionally, NOVEC proposes eliminating Schedule IS-3, Interruptible Service, and replacing it with an interruptible rider, Rider IS-1, as an option for customers who are served under the Large Power Service billing rate.

In addition to the modification of its rates, NOVEC is also proposing certain revisions to its Terms and Conditions for Providing Electric Service. The Applicant first proposes revising the line extension policy to require developers in certain new developments, including all new townhouse developments, to install a primary and secondary conduit system in order to enhance safety and reliability by minimizing the likelihood of damage to NOVEC's underground facilities in areas where the available space has been limited by the developer's subdivision layout. Details of additional proposed revisions are contained in NOVEC's Application.

The Commission has scheduled a public hearing on March 1, 2011, at 10:00 a.m., in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, to receive evidence related to the establishment of rates in this proceeding. Any person desiring to offer testimony as a public witness at the 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 Bailiff.

Copies of NOVEC's Application, testimony, and schedules, as well as a copy of the Commission's Order for Notice and Hearing in this proceeding, are available for public inspection during regular business hours at NOVEC's business office at 10432 Balls Ford Road, Suite 220, Manassas, Virginia, 20109. Copies also may be obtained by submitting a written request to counsel for NOVEC, Richard D. Gary, Esquire, Hunton & Williams LLP, 951 East Byrd Street, Richmond, Virginia 23221. In addition, interested persons may review copies in the Commission's Document Control Center, located on the First Floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia, between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday, excluding holidays, or download unofficial copies from the Commission's website: http://www.scc.virginia.gov/case.

On or before February 22, 2011, any interested person may file an original and fifteen (15) copies of any 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 February 22, 2011, by following the instructions found on the Commission's website: http://www.scc.virginia.gov/case.

On or before November 5, 2010, any interested party may participate as a respondent in this proceeding by filing an original and fifteen (15) copies of a notice of participation with the Clerk of the Commission at the address set forth above. Interested parties should obtain a copy of the Commission's Order for Notice and Hearing for further details on participation as a respondent.

All written communications to the Commission concerning NOVEC's Application shall be directed to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, shall refer to Case No. PUE-2010-00044, and shall simultaneously be served on counsel for NOVEC at the address set forth above.

NORTHERN VIRGINIA ELECTRIC COOPERATIVE

(8) On or before October 1, 2010, NOVEC 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 the equivalent officials in counties, towns, and cities having alternate forms of government) in which the Applicant provides service. Service shall be made by first class mail to the customary place of business or residence of the person served.

(9) On or before November 5, 2010, NOVEC shall provide proof of service and notice as required in this Order.

(10) On or before February 22, 2011, any interested person may file an original and fifteen (15) copies of any 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 February 22, 2011, by following the instructions found on the Commission's website: http://www.scc.virginia.gov/case. Interested persons shall refer in their comments to Case No. PUE-2010-00044. Any person not participating as a respondent as provided in Ordering Paragraph (11) below may testify as a public witness at the March 1, 2011 public hearing. Any person desiring to testify as a public witness need only appear in the Commission's Second Floor Courtroom in the Tyler Building at 9:45 a.m. on the day of the hearing and identify himself or herself to the Bailiff.

(11) On or before November 5, 2010, any interested party may participate as a respondent in this proceeding by filing an original and fifteen (15) copies of a notice of participation with the Clerk of the Commission at the address set forth in Ordering Paragraph (10) above and shall simultaneously serve a copy of the notice of participation on counsel to NOVEC at the address set forth in Ordering Paragraph (6) above. Pursuant to Rule 5 VAC 5-20-80 of the

Commission's Rules of Practice and Procedure, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Respondents shall refer in all filed papers to Case No. PUE-2010-00044.

(12) Within five (5) business days of receipt of a notice of participation as a respondent, NOVEC shall serve upon each respondent a copy of this Order, a copy of the Application, and all materials filed with the Commission, unless these materials have already been provided to the respondent.

(13) On or before December 10, 2010, each respondent may file with the Clerk of the Commission at the address set forth in Ordering Paragraph (10) above an original and fifteen (15) copies of any testimony and exhibits by which it expects to establish its case. Each respondent shall serve copies of the testimony and exhibits on counsel for NOVEC, Staff, and on all other respondents.

(14) On or before January 21, 2011, the Staff shall investigate the reasonableness of NOVEC's Application and shall file with the Clerk of the Commission an original and fifteen (15) copies of testimony and exhibits regarding its investigation of the Application and shall promptly serve a copy on counsel to NOVEC and all respondents.

(15) On or before February 11, 2011, NOVEC shall file with the Clerk of the Commission at the address set forth in Ordering Paragraph (10) above an original and fifteen (15) copies of any testimony that it expects to offer in rebuttal to the testimony and exhibits of the respondents and the Commission Staff and shall on the same day serve one copy on Staff and all respondents.

(16) NOVEC and respondents shall respond to written interrogatories within ten (10) calendar days after receipt of the same. Except as modified herein, discovery shall be in accordance with Part IV of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-240 et seq.

(17) This matter is continued generally.

CASE NO. PUE-2010-00044
SEPTEMBER 1, 2010

APPLICATION OF
NORTHERN VIRGINIA ELECTRIC COOPERATIVE

For general rate relief

ORDER GRANTING NORTHERN VIRGINIA ELECTRIC COOPERATIVE'S MOTION AND MODIFYING THE AUGUST 20, 2010 ORDER FOR NOTICE AND HEARING

On August 10, 2010, Northern Virginia Electric Cooperative ("NOVEC" or "Applicant") completed an Application and Request for Waiver ("Application") with the State Corporation Commission ("Commission") for approval of its proposed rates, which would result in a general decrease in the rates charged to NOVEC's customers.[1] NOVEC filed this Application pursuant to §§ 56-231.33, 56-231.34, 56-235, and 56-585.3 of the Code of Virginia ("Code") and in accordance with the Commission's directives in Case No. PUE-2008-00083.[2]

In its Application, NOVEC requests, in part, that the revised rates and charges be suspended for the statutory one hundred fifty (150) days and be permitted to take effect for bills rendered on and after January 1, 2011, provided that if a final order has not been rendered by the end of this suspension period, NOVEC would agree to change its rates for bills rendered on and after the first day of the next month following the issuance of the final order.

On August 20, 2010, the Commission issued an Order for Notice and Hearing ("August 20, 2010 Order for Notice and Hearing") that, among other things, ordered NOVEC to place its proposed rates into effect on an interim basis, subject to refund, for service rendered on and after September 1, 2010.

On August 26, 2010, NOVEC filed a Motion for Modification of Order for Notice and Hearing ("Motion") and a proposed Modifying Order. In its Motion, NOVEC stated that it is unable to implement the proposed interim rates effective September 1, 2010, because it needs to implement and test changes concerning the new rate schedules within its billing system, and this testing and implementation cannot be completed in time to comply with the September 1, 2010 deadline set forth in the August 20, 2010 Order for Notice and Hearing. NOVEC proposed in its Motion that its current rates be made interim, subject to refund with interest, for bills rendered on or after October 1, 2010, and remain in place until: (i) the Commission renders a final order in this case; or (ii) NOVEC exercises its right pursuant to § 56-238 of the Code to implement its proposed rates on an interim basis on and after January 7, 2011. In its Motion, NOVEC further stated that the Commission Staff supports this proposal.

NOW THE COMMISSION, upon further consideration, and being sufficiently advised, hereby grants NOVEC's Motion in part and modifies its August 20, 2010 Order for Notice and Hearing. The Commission will not require NOVEC to implement its proposed interim rates effective September 1, 2010, because the Cooperative needs sufficient time to implement and test changes for the new rate schedules within the billing system. Instead, the Commission finds at this time that NOVEC's current rates shall be made interim, subject to refund with interest, for bills rendered on or after October 1,

[1] The Application was originally filed on July 30, 2010, in compliance with the Commission's Order in *Application of Northern Virginia Electric Cooperative, For a modification of its tariff*, Case No. PUE-2008-00083, but was deemed incomplete at that time due to Schedule 9 missing certain necessary information. The additional information was filed, and the Application was deemed complete as of August 10, 2010. Additionally, on August 11, 2010, NOVEC filed a revised page 3 to the Application.

[2] Specifically, see *Application of Northern Virginia Electric Cooperative, For a modification of its tariff*, Case No. PUE-2008-00083, 2009 SCC Ann. Rept. 343, Order on Reconsideration (Feb. 17, 2009).

2010. Both the current interim rates and, if ordered implemented, the proposed interim rates, shall be subject to refund pending the Commission's final order, and the Cooperative shall provide applicable refunds with interest, as prescribed by such final order, for bills rendered on and after October 1, 2010.

The Commission finds that the Cooperative's refund obligation will consist of one refund with interest, as appropriate, at the conclusion of the proceedings.

Accordingly, IT IS ORDERED THAT:

(1) NOVEC's Motion is hereby granted in part, as described herein.

(2) Ordering Paragraph (3) of the Commission's August 20, 2010 Order for Notice and Hearing shall be modified as follows: NOVEC's current rates shall be made interim, subject to refund with interest, for bills rendered on or after October 1, 2010.

(3) Ordering Paragraph (6) of the Commission's August 20, 2010 Order for Notice and Hearing shall be modified as follows: NOVEC shall forthwith make copies of its Application, testimony, and schedules, as well as a copy of this Order Granting Northern Virginia Electric Cooperative's Motion and Modifying the August 20, 2010 Order for Notice and Hearing, as well as the Commission's August 20, 2010 Order for Notice and Hearing, available for public inspection during regular business hours at NOVEC's business office at 10432 Balls Ford Road, Suite 220, Manassas, Virginia 20109. Copies also may be obtained by submitting a written request to counsel for NOVEC, Richard D. Gary, Esquire, Hunton & Williams LLP, 951 East Byrd Street, Richmond, Virginia 23219.[3] In addition, interested persons may review copies in the Commission's Document Control Center, located on the First Floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia, between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday, excluding holidays, or download unofficial copies from the Commission's website: http://www.scc.virginia.gov/case.

(4) Ordering Paragraph (7) of the Commission's August 20, 2010 Order for Notice and Hearing shall be modified as follows: On or before October 1, 2010, NOVEC shall cause a copy of the following notice to be published on one occasion as display advertising (not classified) in newspapers of general circulation in its service territory:

NOTICE TO THE PUBLIC OF AN APPLICATION
BY NORTHERN VIRGINIA ELECTRIC COOPERATIVE
FOR GENERAL RATE RELIEF
CASE NO. PUE-2010-00044

On August 10, 2010, Northern Virginia Electric Cooperative ("NOVEC" or "Applicant") completed an Application and Request for Waiver ("Application") with the State Corporation Commission ("Commission") for approval of its proposed rates, which would result in a general decrease in the rates charged to NOVEC's customers. NOVEC filed this Application pursuant to §§ 56-231.33, 56-231.34, 56-235, and 56-585.3 of the Code of Virginia ("Code") and in accordance with the Commission's Orders in Case No. PUE-2008-00083.

The Applicant seeks approval to put in place new Energy Supply Services rates, including a Power Cost Adjustment. These new rates are designed to recover NOVEC's actual cost of purchased power and power cost related expenses. The Applicant also seeks approval to decrease test year jurisdictional revenues by $9,789,134, or 2.68 percent, to produce total test year jurisdictional margins of $24,993,785. NOVEC asserts that the requested rates will result in a jurisdictional rate of return on rate base of 6.03 percent and would produce a Times Interest Earned Ratio of 5.72. NOVEC states that it seeks to have its rate design move closer towards cost-based rates. The Applicant states that it is in a strong financial position as a result of sound corporate management and operations and that the reduction in rates requested in the Application will more accurately reflect its cost of service and allow it to maintain its financial strength and quality of service.

For customers served under NOVEC's HV1 rate, the Applicant proposes to clarify the language regarding supply options that are available. Additionally, NOVEC proposes eliminating Schedule IS-3, Interruptible Service, and replacing it with an interruptible rider, Rider IS-1, as an option for customers who are served under the Large Power Service billing rate.

In addition to the modification of its rates, NOVEC is also proposing certain revisions to its Terms and Conditions for Providing Electric Service. The Applicant first proposes revising the line extension policy to require developers in certain new developments, including all new townhouse developments, to install a primary and secondary conduit system in order to enhance safety and reliability by minimizing the likelihood of damage to NOVEC's underground facilities in areas where the available space has been limited by the developer's subdivision layout. Details of additional proposed revisions are contained in NOVEC's Application.

The Commission has scheduled a public hearing on March 1, 2011, at 10:00 a.m., in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, to receive evidence related to the establishment of rates in this proceeding. Any person desiring to offer testimony as a public witness at the 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.

The Commission has ordered that the rates NOVEC currently has in effect shall be made interim, subject to refund with interest, for bills rendered on or after October 1, 2010. Both the current interim rates and, if

[3] In NOVEC's Application, NOVEC mistakenly lists Mr. Gary's zip code as being "23221." As such, Mr. Gary's zip code was cited incorrectly in the August 20, 2010 Order for Notice and Hearing.

ordered implemented, the proposed interim rates, shall be subject to refund pending the Commission's final order, and the Cooperative shall provide applicable refunds with interest, as prescribed by such final order, for bills rendered on and after October 1, 2010.

Copies of NOVEC's Application, testimony, and schedules, as well as a copy of the Commission's Order for Notice and Hearing and Order Granting Northern Virginia Electric Cooperative's Motion and Modifying the August 20, 2010 Order for Notice and Hearing, are available for public inspection during regular business hours at NOVEC's business office at 10432 Balls Ford Road, Suite 220, Manassas, Virginia 20109. Copies also may be obtained by submitting a written request to counsel for NOVEC, Richard D. Gary, Esquire, Hunton & Williams LLP, 951 East Byrd Street, Richmond, Virginia 23219. In addition, interested persons may review copies in the Commission's Document Control Center, located on the First Floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia, between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday, excluding holidays, or download unofficial copies from the Commission's website: http://www.scc.virginia.gov/case.

On or before February 22, 2011, any interested person may file an original and fifteen (15) copies of any 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 February 22, 2011, by following the instructions found on the Commission's website: http://www.scc.virginia.gov/case.

On or before November 5, 2010, any interested party may participate as a respondent in this proceeding by filing an original and fifteen (15) copies of a notice of participation with the Clerk of the Commission at the address set forth above. Interested parties should obtain a copy of the Commission's Order for Notice and Hearing and Order Granting Northern Virginia Electric Cooperative's Motion and Modifying the August 20, 2010 Order for Notice and Hearing for further details on participation as a respondent.

All written communications to the Commission concerning NOVEC's Application shall be directed to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, shall refer to Case No. PUE-2010-00044, and shall simultaneously be served on counsel for NOVEC at the address set forth above.

NORTHERN VIRGINIA ELECTRIC COOPERATIVE

(5) Ordering Paragraph (8) of the Commission's August 20, 2010 Order for Notice and Hearing shall be modified as follows: On or before October 1, 2010, NOVEC shall serve a copy of the Commission's August 20, 2010 Order for Notice and Hearing and this Order Granting Northern Virginia Electric Cooperative's Motion and Modifying the August 20, 2010 Order for Notice and Hearing on each Commonwealth's Attorney, the chairman of the board of supervisors, and the county attorney of each county, and upon the mayor or manager of every city and town (or upon the equivalent officials in counties, towns, and cities having alternate forms of government) in which the Applicant provides service. Service shall be made by first class mail to the customary place of business or residence of the person served.

(6) In all other respects, the Commission's August 20, 2010 Order for Notice and Hearing shall remain unchanged.

(7) This case is continued generally.

CASE NO. PUE-2010-00045
OCTOBER 6, 2010

APPLICATION OF
GPC GREEN ENERGY, LLC

For approval to construct, own and operate an electric generation facility in Suffolk, Virginia pursuant to Va. Code §§ 56-46.1 and 56-580 D

ORDER

On September 4, 2008, GPC Green Energy, LLC ("GPC" or the "Company"), filed an application with the State Corporation Commission ("Commission") pursuant to §§ 56-46.1 and 56-580 D of the Code of Virginia for approval to develop, construct, own and operate an electric generating facility in Suffolk, Virginia (the "Project"). As originally proposed, the Project was a 20 MW landfill gas-to-energy generating facility at the manufacturing plant of its host facility, Ciba Corporation ("Ciba"). Ciba operates a process steam and district heating network to serve its manufacturing complex, situated on 212 acres in Suffolk. The complex is approximately three miles from the Suffolk landfill, which supplies landfill gas ("LFG") by existing pipeline.

By Order issued November 25, 2009, in Case No. PUE-2008-00085, the Commission granted GPC approval to construct and operate a 20 MW landfill gas-to-energy generation facility consisting of three (3) 10 MW combustion turbines, one of which was to be held in reserve for redundancy and for use in emergencies, as set forth in the original application and subject to certain designated environmental and contractual conditions.[1] In addition, given the uncertainty surrounding the Project, the Order further provided that authorization to construct the facility would expire if construction had not begun within three (3) years of the Commission's Order.

[1] *Application of GPC Green Energy, LLC, For approval to construct, own and operate an electric generation facility in Suffolk, Virginia, pursuant to Va. Code §§ 56-46.1 and 56-580 D*, Case No. PUE-2008-00085, Final Order (Nov. 25, 2009).

On January 11, 2010, the Company submitted a letter requesting that the Commission amend GPC's certificate relating to the Project to permit GPC to increase the output of the Project by 10 MW, for a total capacity of 30 MW. Following a request from Commission Staff ("Staff") for additional information in compliance with the Commission's filing requirements for small power projects, on March 16, 2010, GPC submitted a formal request to amend its original proposal for the Project to allow it to operate a 30 MW LFG generation facility on the site and under the same conditions set forth in the original application ("Upgrade Application").

On May 17, 2010, the Commission entered an Order for Notice and Comment that, among other things, docketed the matter; established a procedural schedule for the filing of comments, notices of participation and requests for hearing; directed the Staff to investigate the Upgrade Application and file a report; and provided the Company the opportunity to respond to any comments, requests for hearing, or the Staff Report. No comments, notices of participation, or requests for hearing have been filed in this matter.

On September 22, 2010, the Company filed a letter with the Clerk of the Commission indicating that it wished to withdraw its Upgrade Application. The Commission has not received any opposition to the Company's request. On September 24, 2010, Hearing Examiner A. Ann Berkebile filed a Report recommending that the Commission grant the Company's request for withdrawal of its Upgrade Application ("Hearing Examiner's Report").

NOW THE COMMISSION, upon consideration of the record in this case, the Hearing Examiner's Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the September 24, 2010 Hearing Examiner's Report should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The Company's request to withdraw its Upgrade Application is granted.

(2) This matter is dismissed, and the papers herein shall be passed to the file for ended causes.

CASE NO. PUE-2010-00046
JUNE 15, 2010

APPLICATION OF
RAPPAHANNOCK ELECTRIC COOPERATIVE

For approval of a demand-side management program including promotional allowances

ORDER GRANTING APPROVAL

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 ("DSM") program including promotional allowances, along with expedited consideration of its request.

REC is a utility consumer services cooperative providing electric service to customers in its service territory in Virginia. REC is headquartered in Fredericksburg, Virginia, and is subject to regulation as to rates and service by the Commission.

REC filed the instant application in which it is requesting to implement a DSM program using load-cycling switch devices to reduce demand created by central air conditioning systems in the homes of eligible, participating residential member-consumers. REC requests the Commission approve the full implementation of the program, which initially began as a pilot program in the summer of 2009, conducted by REC's power supplier, Old Dominion Electric Cooperative ("ODEC"). REC further requests that publication of notice to its member-consumers in an upcoming edition of *Cooperative Living* magazine describing the program and the conditions pertaining to the promotional allowance be the only publication ordered in this proceeding.[1]

REC states in its application that participation in the program is voluntary and that participants may end their participation in the program at any time.[2] In order to participate in the program, an eligible member-consumer must meet the following requirements: (i) be a targeted,[3] residential class member-consumer (new or existing) who is not utilizing the Cooperative's Residential Time-Of-Use Tariff; (ii) be a resident in a single-family home, multi-family home, or a manufactured home; (iii) have a central HVAC system; and (iv) allow REC's vendor, GoodCents Holdings, Inc. ("GoodCents"), or any successor vendor that REC may select, to install REC's specific "demand response unit" switches.[4] As an incentive to participate in the program, participants will receive a one-time $25 retail gift card if the switch remains in operation through the end of the summer season, specifically through September 30th of the year in which the switch was initially installed.[5]

[1] REC further requests that the notice published in *Cooperative Living* magazine contain substantially similar information to that contained in Exhibit A of its application. Application at 7.

[2] *Id.* at 3.

[3] According to REC's application, a targeted member-consumer is one that REC has found to be a high user of electricity during the summer months based on the Cooperative's usage data. *Id.* at 2-3. REC later advised Staff that any residential member-consumer in its original service territory who volunteers will be permitted to participate in the program subject to equipment limitations.

[4] *Id.* at 2.

[5] *Id.* at 6.

REC advised Staff of the Commission ("Staff") that it expects the 500 participants from the 2009 pilot program to continue to participate. In the 2010 cooling season the Cooperative will add to the program those currently on the 2009 waiting list and additional volunteers to grow the program by an additional 500 participants. REC then expects to increase the number of participants by 6,000 in each cooling season of 2011 and 2012. At the end of the 2012 cooling season, the Cooperative expects to have a total of 13,000 member-consumers participating in the program.[6]

REC's application states that the administrative cost for GoodCents to oversee the program will be absorbed by ODEC as part of a larger DSM program, currently in development, so that the cost impact to REC will be limited to the installed cost of the switches, marketing, maintenance, and promotional allowances.[7] REC expects to recover its costs by anticipated savings from reductions in wholesale power costs.[8] No individual energy savings are expected to be achieved by the individual participating member-consumers.[9]

REC's application provides a brief description of the cost/benefit tests used in its analysis and the Cooperative's results indicating that the proposed program passes the Participants Test, the Utility Cost Test, the Ratepayer Impact Measure Test, and the Total Resource Cost Test.[10] Staff reproduced the Cooperative's cost/benefit analysis and concluded that the proposed program passes all four tests, including the Ratepayer Impact Measure Test and the Total Resource Cost Test for both a seven-year and fifteen-year horizon.[11]

NOW THE COMMISSION, upon consideration of the application and representations of the Cooperative and having been advised by its Staff, finds that the air conditioner switch DSM program proposed in REC's application is cost effective and in the public interest and that REC shall be allowed to implement the program as soon as practicable, subject to certain requirements outlined below.

First, we find that notice published in *Cooperative Living* magazine that contains information substantially similar to that contained in Exhibit A of the Cooperative's application is sufficient notice of the proposed DSM program for purposes of this proceeding.

Second, we find that REC should 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 should include, but not be limited to, information regarding the number of installed switches, the number of load control events, any attrition of installed switches, and any change to the marginal cost of power demand.

Third, we find that the program should be reviewed after the 2012 summer season to consider the saturation of installed and active switches and the next target level projections to assure cost-effectiveness before extending the program.

Fourth, we find that should the review of a report submitted by the Cooperative after a cooling season indicate that the program is not cost-effective, the Cooperative or the Commission should suspend the program by not permitting any additional member-consumers to participate.

Accordingly, IT IS ORDERED THAT:

(1) REC's application is hereby approved subject to the following conditions.

(2) Prior to implementation of the program, REC shall publish notice in *Cooperative Living* magazine that contains information substantially similar to that contained in Exhibit A of its application.

(3) REC shall be allowed to implement the program as soon as practicable.

(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.

(5) REC shall supplement its 2012 report with additional information that includes data and analysis of the saturation of installed and active switches. The report shall also include, but not be limited to, the Cooperative's plans to continue, maintain, or expand the program and a cost/benefit analysis of any future plans for expansion of the program.

(6) The authority granted herein shall have no ratemaking implications for future rate proceedings.

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[6] *See also id.* at 2.

[7] *Id*. at 6-7.

[8] Based on Staff's analysis of assumptions in REC's application, the annual reduction in wholesale power costs with 13,000 active switches is approximately $772,000. The wholesale power cost savings are expected to continue for as long as the switches stay in place. Staff estimates the net plant value of the installed switches at the end of the third year (associated with adding 500 switches in year 1 and 6,000 switches in years 2 and 3) to be $2.5 million. Staff estimates annual marketing, depreciation and incentive expense in the third year of the program to be $310,000.

[9] Application at 6.

[10] *Id.* at Ex. B.

[11] The data provided to Staff by REC to support its cost/benefit analysis represents actual costs for the 2009 pilot, which is expected to remain the same throughout 2012. The power cost savings per kW reduction is a fixed contract amount between ODEC and REC. Although it may be revised annually, the 2009 cost remains in effect for 2010. This power cost is not expected to increase or decrease greatly through 2012. The assumed kW reduction represents the median result of the 2009 pilot and is the same in all months.

CASE NO. PUE-2010-00047
JUNE 11, 2010

APPLICATION OF
RAPPAHANNOCK ELECTRIC COOPERATIVE
and
SHENANDOAH VALLEY ELECTRIC COOPERATIVE

For modification of special, transitional rates

ORDER OF NOTICE AND PROCEDURE

On May 14, 2010, The Potomac Edison Company d/b/a Allegheny Power ("Allegheny" or "Company") filed an application with the State Corporation Commission ("Commission") seeking an increase in its fuel factor pursuant to Va. Code § 56-249.6 ("Application"). Allegheny requested in the Application that it be permitted to increase its Levelized Purchase Power Factor ("LPPF") rates, which are the Company's tariffed fuel factor rates, during the period July 1, 2010, through June 30, 2011 ("Rate Period"). The Company also requested that the Commission waive 20 VAC 5-301-20 of the Commission's *Rules Governing the Use of Bidding Programs to Purchase Electricity From Other Power Suppliers* ("Bidding Rules"), to the extent that rule is relevant to this proceeding.

As proposed in the Application, Residential customers' LPPF rate would increase from $0.02706 per kilowatt-hour ("kWh") to $0.02877 per kWh; the LPPF rate for Commercial and General Service customers would increase from $0.02653 per kWh to $0.02736; the LPPF rate for Rate Schedules PH & AGS would increase from $0.03199 per kWh to $0.03314; the LPPF rate for Rate Schedule PP would increase from $0.03368 per kWh to $0.03386; and the LPPF rate for Lighting customers would increase from $0.04683 per kWh to $0.04863. Cumulatively, the proposed LPPF rates are designed to produce additional revenues of approximately $3.6 million for the Rate Period and an overall increase in annual revenue of approximately 1.5%.

On May 14, 2010, the Commission entered an Order in Case No. PUE-2009-00101 ("Transfer Order") approving the transfer of facilities and the certificated Virginia service territory of Allegheny to Rappahannock Electric Cooperative and Shenandoah Valley Electric Cooperative (collectively, the "Cooperatives").[1] Additionally, the Transfer Order approved specialized, transitional rates for the customers being transferred from Allegheny to the Cooperatives.

The special rates approved in the Transfer Order for the former Allegheny customers are to be based, in part, on the provisions of the Stipulation approved in Case No. PUE-2008-00033 ("2008 Stipulation").[2] In this regard, the Transfer Order provides as follows:

> The Cooperatives have agreed to be bound by the rates and charges set out in the Commission's Order dated November 26, 2008, in Case No. PUE-2008-00033 and the Stipulation attached to that Order, with respect to the Virginia Assets, for the time periods set forth therein….[3]
>
> The Cooperatives requested that the Commission grant them approval to implement transitional rate schedules for Potomac Edison's current customers in the new REC territory and in the new SVEC territory should the Joint Petition be granted. As is mentioned above, these specialized, transitional rate schedules are consistent with the rates and charges set forth in the November 26, 2008 Order in Case No. PUE-2008-00033, and the Stipulation attached to that Order.[4]

The 2008 Stipulation to which the Cooperatives agreed to be bound as part of the Commission's approval in the Transfer Order had required Allegheny to initiate a process to procure power necessary for serving its customers from June 1, 2009, through June 30, 2011, which is the end of the Rate Period;[5]

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[1] *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, Order (May 14, 2010). Allegheny filed the Application in the instant proceeding approximately three hours before the Transfer Order was issued.

[2] *Application of The Potomac Edison Company d/b/a Allegheny Power, For an increase in its electric rates pursuant to Va. Code §§ 56-249.6 and 56-582 and, alternatively, request to modify Memorandum of Understanding and Order in Case No. PUE-2000-00280*, Case No. PUE-2008-00033, 2008 S.C.C. Ann. Rept. 520, Order (Nov. 26, 2008).

[3] Transfer Order at 3.

[4] *Id.* at 4.

[5] Application at 2-4; Direct Testimony of Robert B. Reeping at 3.

provides for certain rate credits, some of which continue through the end of the Rate Period;[6] and provides for an adjustment to Allegheny's LPPF rates effective July 1, 2010.[7]

On June 4, 2010, Allegheny and the Cooperatives filed a Joint Motion For Leave To Amend Pleadings ("Motion to Substitute"). The Motion to Substitute states that on June 1, 2010, the Cooperatives and Allegheny consummated the transfer approved in Case No. PUE-2009-00101 and that the Cooperatives thereby assumed Allegheny's former rights and obligations to provide retail utility service in the Commonwealth.[8] Allegheny and the Cooperatives seek to substitute the Cooperatives as the applicants in this proceeding initiated by Allegheny and to substitute the Cooperatives' counsel for that of Allegheny.[9] The Motion to Substitute states further that with this exception the Cooperatives would effectively adopt the entirety of the Application and testimony filed by Allegheny, including all the LPPF rates proposed by Allegheny.[10] In addition to substituting the parties and counsel, the Motion to Substitute asks for any other such changes and corrections as may be required or appropriate and granting any such further relief deemed necessary by the Commission.[11]

NOW THE COMMISSION, upon consideration of the Application and the Motion to Substitute, hereby dockets this proceeding; grants the Motion to Substitute; requires public notice by the Cooperatives; establishes a procedural schedule for this case; and provides interested persons with the opportunity to participate as respondents, file comments, or request a hearing on the Application. We also direct the Commission Staff ("Staff") to investigate the Application and to file a report on the results of its investigation in accordance with 5 VAC 5-20-80 D of the Commission's Rules of Practice and Procedure, *Regulatory proceedings,* Commission staff.

Although the Application in this case was filed by Allegheny, we find that its continuation by the Cooperatives is appropriate for us to determine whether such modification, as agreed to by the parties to the earlier case for Allegheny, is necessary for the Cooperatives to fulfill the terms of our approval in Case No. PUE-2009-00101. As discussed above, that approval incorporated the Cooperatives' commitment to be bound by the 2008 Stipulation as part of the special rates approved for the former Allegheny customers now served by the Cooperatives. Accordingly, this case is established for the limited purpose of determining LPPF rates that are consistent with the 2008 Stipulation for the Cooperatives' customers in the former Allegheny Virginia service territory, including whether the requested exemption from the Bidding Rules is necessary or appropriate. In allowing the substitution of the Cooperatives for Allegheny as the named applicants in this proceeding, however, it is our expectation that Allegheny will coordinate with the Cooperatives to the extent necessary during the conduct of this proceeding.

Finally, we will permit the Cooperatives to place the proposed LPPF rates into effect for service rendered on and after July 1, 2010, in accordance with the 2008 Stipulation. If the proposed rates are ultimately found to be inconsistent with the 2008 Stipulation, we will require the appropriate adjustments to those rates.

Accordingly, IT IS ORDERED THAT:

(1) The Application is docketed as Case No. PUE-2010-00047.

(2) The Motion to Substitute is granted.

(3) The Cooperatives may place the proposed LPPF rates into effect for service rendered on and after July 1, 2010.

(4) A copy of the Application and supporting documents shall be made available for public inspection in the Commission's Document Control Center, located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia, between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday. Interested persons may access unofficial copies of the Application through the Commission's Docket Search portal at http://www.scc.virginia.gov/case.

(5) The Cooperatives shall forthwith make copies of their Application and supporting documents available for public inspection during regular business hours at all Cooperatives' offices in Virginia where customer bills may be paid. A copy of the Application may also be obtained by directing a request in writing to counsel for the Cooperatives: Edward L. Flippen, Esquire, McGuireWoods LLP, One James Center, 901 East Cary Street, Richmond, Virginia 23219-4030. The Cooperatives shall, within three (3) days of receipt of the request, serve the requested documents upon the person making such request. The Cooperatives shall make copies available on an electronic basis, upon request.

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[6] Application at 2.

[7] For example, Paragraph 5 of the 2008 Stipulation provides that:

> Effective July 1, 2010, the [LPPF] for all customers not included in Paragraph 2 will be adjusted to reflect any over- or under- recovery of revenue against the allowed rates for the preceding twelve months. Actual results available at the time of the filing of each revision of the [LPPF] will be used together with estimates for the remaining months of the period, with true-up of those estimates to actual results in the immediately succeeding revision of the Factor.

[8] Motion to Substitute at 3.

[9] *Id.*

[10] *Id.* at 3-4.

[11] *Id.* at 5.

(6) On or before June 27, 2010, the Cooperatives 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 portion of their service territories acquired pursuant to Commission approval in Case No. PUE-2009-00101:

NOTICE TO THE PUBLIC OF AN
APPLICATION BY RAPPAHANNOCK ELECTRIC COOPERATIVE
AND SHENANDOAH VALLEY ELECTRIC COOPERATIVE
FOR MODIFICATION OF SPECIAL, TRANSITIONAL RATES
CASE NO. PUE-2010-00047

On May 14, 2010, The Potomac Edison Company d/b/a Allegheny Power ("Allegheny" or "Company") filed an application with the State Corporation Commission ("Commission") seeking an increase in its fuel factor pursuant to Va. Code § 56-249.6 ("Application"). Allegheny requested in the Application that it be permitted to increase its Levelized Purchase Power Factor ("LPPF") rates, which are the Company's tariffed fuel factor rates, during the period July 1, 2010, through June 30, 2011 ("Rate Period"). The Company also requested that the Commission waive 20 VAC 5-301-20 of the Commission's *Rules Governing the Use of Bidding Programs to Purchase Electricity From Other Power Suppliers*, to the extent that rule is relevant to this proceeding.

As proposed in the Application, Residential customers' LPPF rate would increase from $0.02706 per kilowatt-hour ("kWh") to $0.02877 per kWh; the LPPF rate for Commercial and General Service customers would increase from $0.02653 per kWh to $0.02736; the LPPF rate for Rate Schedules PH & AGS would increase from $0.03199 per kWh to $0.03314; the LPPF rate for Rate Schedule PP would increase from $0.03368 per kWh to $0.03386; and the LPPF rate for Lighting customers would increase from $0.04683 per kWh to $0.04863. Cumulatively, the proposed LPPF rates are designed to produce additional revenues of approximately $3.6 million for the Rate Period and an overall increase in annual revenue of approximately 1.5%.

On May 14, 2010, the Commission entered an Order in Case No. PUE-2009-00101 ("Transfer Order") approving the transfer of facilities and the certificated Virginia service territory of Allegheny to Rappahannock Electric Cooperative and Shenandoah Valley Electric Cooperative (collectively, the "Cooperatives"). Additionally, the Transfer Order approved specialized, transitional rates for the customers being transferred from Allegheny to the Cooperatives. The special rates approved in the Transfer Order for the former Allegheny customers are to be based, in part, on the provisions of the Stipulation approved in Case No. PUE-2008-00033 ("2008 Stipulation").

On June 4, 2010, Allegheny and the Cooperatives filed a Joint Motion For Leave To Amend Pleadings ("Motion to Substitute"). The Motion to Substitute stated that on June 1, 2010, the Cooperatives and Allegheny consummated the transfer approved in Case No. PUE-2009-00101 and that the Cooperatives thereby assumed Allegheny's former rights and obligations to provide retail utility service in the Commonwealth. Allegheny and the Cooperatives sought to substitute the Cooperatives as the applicants in this proceeding initiated by Allegheny, to substitute the Cooperatives' counsel for that of Allegheny, and for any further relief deemed appropriate or necessary by the Commission.

The Commission has entered an Order of Notice and Procedure that docketed this proceeding as PUE-2010-00047; granted the Motion to Substitute; requires public notice by the Cooperatives; and establishes a procedural schedule for participation in this case. The Commission established this proceeding for the purpose of determining LPPF rates that are consistent with the 2008 Stipulation for the Cooperatives' customers in the former Allegheny Virginia service territory. The Order further permits the Cooperatives to place the proposed LPPF rates in effect on service rendered on and after July 1, 2010, in accordance with the 2008 Stipulation. If the proposed rates are found to be inconsistent with the 2008 Stipulation, the Commission will require appropriate adjustments to those rates.

The Cooperatives' Application and supporting documents are available for public inspection during regular business hours at all Cooperatives' offices in Virginia where customer bills may be paid. Interested persons may also review copies of the Application in the Commission's Document Control Center, located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia, between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday. Interested persons 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 may also be obtained by directing a request in writing to counsel for the Cooperatives: Edward L. Flippen, Esquire, McGuireWoods LLP, One James Center, 901 East Cary Street, Richmond, Virginia 23219-4030. The Cooperatives will make copies available on an electronic basis, upon request.

On or before July 16, 2010, any interested person may submit written comments on the Application by filing such 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 submit comments electronically may do so by following the instructions found on the Commission's website: http://www.scc.virginia.gov/case. Interested persons shall refer in their comments to Case No. PUE-2010-00047. If a hearing is established in this proceeding, any written comments filed by a person that has properly filed a notice of participation shall only be considered as evidence if sponsored by a witness.

On or before July 16, 2010, interested persons may submit written requests for hearing on the Application by filing such requests with the Clerk of the Commission at the address given above. 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 no sufficient request for hearing is received, the Commission may consider the proposed Application based upon the papers filed herein without convening a hearing at which oral testimony is received. Interested persons shall refer in their requests for hearing to Case No. PUE-2010-00047.

On or before July 16, 2010, any person filing a request for hearing and expecting to participate as a respondent in any hearing that may be scheduled in this matter shall file with the Clerk of the Commission, at the address given above, an original and fifteen (15) copies of a notice of participation. Pursuant to Rule 80 B 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. Copies of any notice of participation shall refer to Case No. PUE-2010-00047 and shall simultaneously be served on counsel for the Cooperatives, as given above.

RAPPAHANNOCK ELECTRIC COOPERATIVE AND
SHENANDOAH VALLEY ELECTRIC COOPERATIVE

(7) On or before July 9, 2010, the Cooperatives shall file with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P. O. Box 2118, Richmond, Virginia 23218-2118, proof of the notice required in Ordering Paragraph (6) herein.

(8) On or before July 16, 2010, any interested person may submit written comments on the Application by filing such comments with the Clerk of the Commission at the address set forth in Ordering Paragraph (7) above. 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. Interested persons shall refer in their comments to Case No. PUE-2010-00047. If a hearing is established in this proceeding, any written comments filed by a person that has properly filed a notice of participation shall only be considered as evidence if sponsored by a witness.

(9) On or before July 16, 2010, interested persons may submit written requests for hearing on the Application by filing such requests with the Clerk of the Commission at the address set forth in Ordering Paragraph (7) above. 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 no sufficient request for hearing is received, the Commission may consider the proposed Application based upon the papers filed herein without convening a hearing at which oral testimony is received. Interested persons shall refer in their requests for hearing to Case No. PUE-2010-00047.

(10) On or before July 16, 2010, any person filing a request for hearing and expecting to participate as a respondent in any hearing that may be scheduled in this matter shall file with the Clerk of the Commission, at the address set forth in Ordering Paragraph (7) above, an original and fifteen (15) copies of a notice of participation. Pursuant to Rule 5 VAC 5-20-80 B of the Commission's Rules of Practice and Procedure, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Copies of any notice of participation shall refer to Case No. PUE-2010-00047 and shall simultaneously be served on counsel for the Cooperatives at the address set forth in Ordering Paragraph (5) above.

(11) Within three (3) business days of receipt of a notice of participation as a respondent, the Cooperatives shall serve upon each respondent a copy of this Order, a copy of the Application, and all materials filed with the Commission, unless these materials have already been provided to the respondent.

(12) The Commission Staff shall investigate the reasonableness of the Cooperatives' Application herein. On or before July 30, 2010 the Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of the Staff Report concerning the Application and shall promptly serve one (1) copy each on counsel for the Cooperatives and all respondents.

(13) On or before August 6, 2010, the Cooperatives shall file with the Clerk of the Commission an original and fifteen (15) copies of any reply comments it may have to requests for hearing or comments filed by interested persons or respondents and the Staff report and shall on the same day serve one copy each upon the Commission Staff and each respondent.

(14) As provided by § 12.1-31 of the Code and the Commission's Rules of Practice and Procedure, 5 VAC 5-20-120, *Procedure before Hearing Examiners*, a Hearing Examiner shall be appointed to rule on any discovery matters that may arise during the course of this proceeding.

(15) The Cooperatives shall respond to written interrogatories or data requests within seven (7) calendar days after receipt of the same. Except as modified herein, discovery shall be in accordance with Part IV of the Commission's Rules of Practice.

(16) This matter is continued generally.

CASE NO. PUE-2010-00047
SEPTEMBER 24, 2010

APPLICATION OF
RAPPAHANNOCK ELECTRIC COOPERATIVE
and
SHENANDOAH VALLEY ELECTRIC COOPERATIVE

For modification of special, transitional rates

ORDER APPROVING MODIFICATION TO SPECIAL, TRANSITIONAL RATES

On May 14, 2010, The Potomac Edison Company d/b/a Allegheny Power ("Allegheny" or "Company") filed an application with the State Corporation Commission ("Commission") seeking an increase in its fuel factor pursuant to Va. Code § 56-249.6 ("Application"). The proposed Levelized Purchase Power Factor ("LPPF") rates, which were Allegheny's fuel factor rates, were designed to produce additional revenues of approximately $3.6 million, and an overall increase in annual revenue of approximately 1.5%, during the period July 1, 2010, through June 30, 2011 ("Rate Period"). The Company also requested that the Commission waive 20 VAC 5-301-20 of the Commission's *Rules Governing the Use of Bidding Programs to Purchase Electricity From Other Power Suppliers* ("Bidding Rules"), to the extent that rule is relevant to this proceeding.

On May 14, 2010, the Commission entered an Order in Case No. PUE-2009-00101 ("Transfer Order") approving the transfer of Allegheny's certificated Virginia service territory and associated facilities to Rappahannock Electric Cooperative and Shenandoah Valley Electric Cooperative (collectively, the "Cooperatives").[1] Additionally, the Transfer Order approved special, transitional rates for the customers within the service territory being transferred from Allegheny to the Cooperatives. The special rates approved in the Transfer Order for customers within the former Allegheny service territory are to be based, in part, on the provisions of the Stipulation approved in Case No. PUE-2008-00033 ("2008 Stipulation").[2] Specifically, the Transfer Order incorporated the Cooperatives' agreement to be bound by the 2008 Stipulation, which had required Allegheny to initiate a process to procure power necessary for servicing its customers through the end of the Rate Period; provides for certain rate credits, some of which continue through the end of the Rate Period; and provides for an adjustment to Allegheny's LPPF rates effective July 1, 2010.[3]

On June 4, 2010, Allegheny and the Cooperatives filed a Joint Motion for Leave to Amend Pleadings ("Motion to Substitute"). In light of the Commission's approval in the Transfer Order, the Motion to Substitute requested that the Commission allow for the substitution of the Cooperatives as the applicants in this proceeding.

On June 11, 2010, the Commission issued an Order of Notice and Procedure. The Order of Notice and Procedure: (1) granted the Motion to Substitute, after finding that the requested substitution is appropriate and necessary for the Cooperatives to fulfill the terms of our approval in the Transfer Order; (2) required the Cooperatives to provide public notice of the Application; (3) established a procedural schedule, which allowed the opportunity for interested persons to participate as respondents, file comments, or request a hearing on the Application; (4) permitted the Cooperatives to place the proposed LPPF rates into effect for service rendered on and after July 1, 2010, subject to any future adjustments found to be appropriate; and (5) directed the Commission's Staff ("Staff") to investigate the Application and file a report on the results of its investigation.

In response to the Commission's Order of Notice and Procedure, the Office of the Attorney General's Division of Consumer Counsel filed a notice of participation in this proceeding. No person filed comments or requested a hearing on the Application. On July 9, 2010, the Cooperatives filed proof of the notice required by the Order of Notice and Procedure.[4]

On July 30, 2010, the Staff filed a report summarizing the results of its investigation of the Application. The Staff Report recommends approval of the LPPF rates proposed in the Application as consistent with the 2008 Stipulation. Staff further recommends that the Commission direct each of the Cooperatives to file a proposed tariff mechanism for the refund of any over-recovery balance, or the collection of any under-recovery balance, as of June 30, 2011. Staff recommends that these tariff provisions be designed to allow for "true-up" of any such balance. Finally, the Staff does not oppose waiver of Rule 20 VAC 5-301-20 of the Bidding Rules, to the extent that rule is relevant to this proceeding.

On August 6, 2010, the Cooperatives, by counsel, filed comments on the Staff Report. The Cooperatives "agree with and support the findings and recommendations in the Staff Report" and, with respect to Staff's recommendation for a true-up tariff mechanism, the Cooperatives "propose to file, no later than March 31, 2011, an amendment to its respective Wholesale Power Cost Adjustment Clause ("WPCA") that will include such a mechanism."[5]

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the proposed LPPF rates, which have not been contested, should be approved as originally proposed by Allegheny and subsequently supported by the Cooperatives. We find that the LPPF rates proposed

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[1] *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, Order (May 14, 2010) ("Transfer Order"). Allegheny filed the Application in the instant proceeding approximately three hours before the Transfer Order was issued.

[2] *Application of The Potomac Edison Company d/b/a Allegheny Power, For an increase in its electric rates pursuant to Va. Code §§ 56-249.6 and 56-582 and, alternatively, request to modify Memorandum of Understanding and Order in Case No. PUE-2000-00280*, Case No. PUE-2008-00033, 2008 S.C.C. Ann. Rept. 520, Order (Nov. 26, 2008).

[3] Transfer Order at 3; Application at 2-4; Direct Testimony of Robert B. Reeping at 3.

[4] The Order of Notice and Procedure required the Cooperatives to provide notice by June 27, 2010. The Commission subsequently granted a request by the Cooperatives to extend this date to July 1, 2010.

[5] August 6, 2010 Comments of the Cooperatives at 2 (footnote omitted).

for the customers within the former Allegheny service territory are consistent with the terms of our approval in the Transfer Order, which incorporated the Cooperatives' commitment to be bound by the 2008 Stipulation approved in Case No. PUE-2008-00033 and previously implemented in Case No. PUE-2009-00028.

In approving this adjustment to the Cooperatives' special, transitional rates, we adopt Staff's recommendation that the Cooperatives file a tariff mechanism for the refund of any over-recovery balance, or the collection of any under-recovery balance, that may exist as of June 30, 2011. The application of such a mechanism to customers within the former Allegheny service territory is consistent with the 2008 Stipulation.[6] Accordingly, customers receiving service under the Cooperatives' special rate tariffs shall pay only the actual LPPF costs incurred during the Rate Period, with subsequent adjustments made to the LPPF rate of each customer class for which a difference between actual LPPF costs and the recoveries under the rates approved herein occurs.[7]

We further direct the Cooperatives to submit reports on their respective over-recovery or under-recovery balances as ordered herein. By ensuring Staff's ability to monitor and audit the Cooperatives' recoveries under the rates approved herein, we find that this requirement is an appropriate continuation of a reporting obligation previously assumed by the Cooperatives with respect to the LPPF rates approved in Case No. PUE-2009-00028.[8]

Accordingly, IT IS ORDERED THAT:

(1) The Application is granted, subject to the findings set forth herein.

(2) On or before November 15, 2010, the Cooperatives shall submit to the Commission's Divisions of Energy Regulation and Public Utility Accounting revisions to their proposed LPPF tariffs to include a mechanism for the refund of any over-recovery balance, or the collection of any under-recovery balance, that may exist as of June 30, 2011. This compliance filing shall reflect the findings and requirements set forth herein.

(3) On or before forty-five (45) days following the close of business for each month during which the LPPF rates approved herein are effective, the Cooperatives shall submit to the Commission's Divisions of Energy Regulation and Public Utility Accounting monthly reports and supporting workpapers detailing actual LPPF monthly and cumulative over- and under-recovery positions with respect to the LPPF rates approved herein. The first such report shall be filed within thirty (30) days of the entry of this order.

(4) This matter is continued generally.

[6] *See* Staff Report at Attachment 1, 2008 Stipulation at ¶ 5.

[7] Consistent with our approval in the Transfer Order and our approval of the LPPF rates herein, the true-up calculation, which necessarily must occur after the conclusion of the Rate Period, shall incorporate the applicable rate credits included in the 2008 Stipulation.

[8] *See 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, Order Granting Motion at 2 (Aug. 18, 2010) (indicating that the Cooperatives assumed the obligation to submit such a report for the period during which the LPPF rates approved in Case No. PUE-2009-00028 were in effect). In addition, Allegheny's request for an exemption from the Bidding Rules is now inapposite as a result of the Transfer Order and our prior Order granting the Motion to Substitute.

CASE NO. PUE-2010-00048
JULY 7, 2010

APPLICATION OF
I. C. THOMASSON ASSOCIATES, INC.

For licenses to conduct business as an aggregator and competitive service provider of natural gas and electricity

ORDER GRANTING LICENSES

On May 24, 2010, I. C. Thomasson Associates, Inc. ("I. C. Thomasson" or "the Company"), completed an application with the State Corporation Commission ("Commission") for licenses to act as an aggregator and competitive service provider for electricity and natural gas service pursuant to the Commission's Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5-312-20 *et seq.* ("Retail Access Rules"). The Company seeks authority to serve commercial and industrial customers in retail access programs throughout the Commonwealth of Virginia.[1] I. C. Thomasson 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 June 11, 2010, the Commission issued an Order for Notice and Comment establishing the case; requiring that notice of the application be given to investor-owned electric utilities, electric cooperatives, natural gas distribution utilities, and other interested persons; providing for the receipt of comments from the public; and requiring the Commission's Staff to analyze the reasonableness of the application and present its findings in a report ("Staff Report"). The Company filed proof of service on June 24, 2010. No comments on I. C. Thomasson's application were received from the public.

[1] Amending legislation passed by the 2003 Session of the General Assembly as House Bill 2637 to § 56-580 of the Code of Virginia, suspended application of the Virginia Electric Utility Regulation Act to Kentucky Utilities operating in the Commonwealth as Old Dominion Power Company until such time as the utility provides retail electric services in any other service territory in any jurisdiction to customers who have the right to receive competitive retail electric energy.

The Staff Report was filed on June 28, 2010. The Staff Report summarized I. C. Thomasson's proposals and evaluated its financial condition and technical fitness. The Staff recommended I. C. Thomasson be granted licenses to conduct business as an aggregator and competitive service provider for electricity and natural gas service to commercial and industrial customers throughout the Commonwealth. The Company filed no comments in response to the Staff Report.

NOW UPON CONSIDERATION of the application, the Staff Report, and applicable law, the Commission finds that I. C. Thomasson's application for licenses to conduct business in the Commonwealth of Virginia as an aggregator and competitive service provider for electricity and natural gas service should be granted, subject to the conditions set forth below.

Accordingly, IT IS ORDERED THAT:

(1) I. C. Thomasson Associates, Inc., is hereby granted License No. E-24 to be a competitive service provider for electric service to commercial and industrial customers throughout the Commonwealth. This license to act as a competitive service provider for electricity is granted subject to the provisions of the Retail Access Rules, this Order, and other applicable law.

(2) I. C. Thomasson Associates, Inc., is hereby granted License No. G-28 to be a competitive service provider for natural gas service to commercial and industrial customers throughout the Commonwealth. This license to act as a competitive service provider for natural gas service is granted subject to the provisions of the Retail Access Rules, this Order, and other applicable law.

(3) I. C. Thomasson Associates, Inc., is hereby granted License No. A-31 to be an aggregator for natural gas and electricity to commercial and industrial customers throughout the Commonwealth. This license to act as an aggregator for natural gas and electricity is granted subject to the provisions of the Retail Access Rules, this Order, and all other applicable law.

(4) These licenses are not valid authority for the provision of any product or service not identified within the license itself.

(5) This case shall remain open for consideration of any subsequent amendments or modifications to these licenses.

CASE NO. PUE-2010-00049
JULY 21, 2010

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY
and
DOMINION RESOURCES, INC.

For approval of authority to issue up to $500 million in common stock to parent under Chapters 3 and 4 of Title 56 of the Code of Virginia of 1950, as amended

ORDER GRANTING APPROVAL

On May 27, 2010, Virginia Electric and Power Company ("DVP" or "Company") and its affiliated parent company, Dominion Resources, Inc. ("DRI") (collectively, "Applicants"), filed an Application ("Application"), pursuant to Chapters 3 and 4 of Title 56 of the Code of Virginia ("Code"), in which they request authority whereby DVP would be permitted to issue and sell up to $500 million of authorized but unissued shares of the Company's common stock to DRI through December 31, 2010.

The requested authorization would be in addition to the remaining authorization, approximately $67 million, granted in Case No. PUE-2009-00100. The Applicants state that this authority to issue additional common stock is necessary to offset the reduction that resulted from the approved settlement in the Company's base rate case and certain related proceedings.[1] According to the Application, this settlement had a net effect of decreasing the Company's December 2009 common equity balance by approximately $477 million.

The Application states that the projected purchase price of such shares of stock "will be set at the book value per share of the Company's outstanding common stock, determined on the basis of the Company's latest unaudited financial statements prior to the sale" of the stock.[2] Applicants further state that the net proceeds from the sale of stock:

> may be used to refund a portion of the Company's outstanding securities, including outstanding commercial paper and outstanding balances under the intercompany credit agreement between the Company and [DRI], to meet a portion of its capital requirements, and for other general corporate purposes. Such capital requirements consist generally of construction, upgrading and maintenance expenditures and the refunding of outstanding securities.[3]

Additionally, Applicants state that the common stock may be sold to DRI in more than one transaction per calendar year, and that the Company will file a report with the Commission within 10 days after each issuance of common stock "detailing the date of the sale, the amount sold and the price per share."[4]

[1] Case Nos. PUE-2009-00011, PUE-2009-00016, PUE-2009-00017, PUE-2009-00018, PUE-2009-00019, and PUE-2009-00081.

[2] Application at 4.

[3] *Id.*

[4] *Id.*

The Applicants request that the Commission "enter an Order finding that the proposed transactions are reasonably necessary to carry out the purposes set forth herein and in the public interest, granting all authority as may be required under Chapter 3 and Chapter 4 of the Code to issue and sell the Common Stock, and granting all other requisite authorization for the consummation of the transactions contemplated."[5]

On June 14, 2010, the Commission issued an Order for Notice and Comment that established a procedural schedule for this case and requested that comments be filed by July 8, 2010.

On July 8, 2010, the Virginia Committee for Fair Utility Rates (the "Committee") filed comments in which it questioned the Company's justification for the proposed transaction following the Commission's October 30, 2009 Order Granting Approval of the issuance and sale of up to $1.5 billion of common stock in Case No. PUE-2009-00100 and the settlement of the Company's base rate case that was ultimately approved by the Commission on March 11, 2010.[6] The Committee also stated that the proposed equity issuance could ultimately have a greater impact on customer rates in Virginia than if the same transaction was accomplished by debt financing. Finally, the Committee urged the Commission to institute a capital structure planning proceeding to outline reasonable ranges for capital structure targets and to design regulatory mechanisms that will support (i) an appropriate bond rating and access to capital during major construction programs, and (ii) minimization of rates to retail customers.

On July 12, 2010, the Commission Staff filed a report recommending that the Commission approve the Application. The Staff concluded that the issuance of equity would be reasonable based on the Company's goal of maintaining or improving its credit ratings and based on the Commission's ruling in Case No. PUE-2009-00100 "where it authorized the Company to issue equity in amounts that were projected to increase [DVP's] equity ratio above 52%."[7]

On July 14, 2010, Applicants filed reply comments in which they urged the Commission to reject the Committee's assertion that Applicants "knew or should have known" of the potential impact of the settlement of the Company's 2009 rate case when it made its request and the Commission approved the request to issue common stock in Case No. PUE-2010-00100. Applicants also urged the Commission to adopt the Staff's recommendation to approve the Application and to reject the Committee's request for a separate capital planning proceeding based on the reasoning the Commission used to decline to initiate such a proceeding in Case No. PUE-2009-00100.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows:

Code of Virginia

Chapter 3 of Title 56

The Applicants seek approval under Chapter 3 of Title 56 of the Code, § 56-55 *et seq*., Issuance of Stocks, Bonds, Etc. ("Chapter 3"). Chapter 3 includes, but is not limited to, certain provisions as follows:

Section 56-56 of the Code states that the Company's ability to issue securities is a special privilege subject to regulation:

> The power of public service companies to issue stocks and stock certificates or other evidences of interest or ownership, and bonds, notes and other evidences of indebtedness and to create liens on their property situated within this Commonwealth is a special privilege, the right of supervision, regulation, restriction, and control of which is and shall continue to be vested in the Commonwealth; and such power shall be exercised as provided by law and under such rules and regulations as the Commission may prescribe; provided that this section shall not apply to obligations incurred for purchase of machinery or equipment where such obligations are secured by conditional sales contracts.

Section 56-58 of the Code lists the only purposes for which such common stock may be issued:

> A public service company may issue stocks and stock certificates or other evidences of interest or ownership, and bonds, notes and other evidences of indebtedness payable at periods of twelve months or more after the date thereof, for the following purposes and no others, namely:
>
> (1) For the acquisition of property (including stocks, stock certificates or other evidences of interest or ownership, and bonds, notes and other evidences of indebtedness of other persons, firms, associations or corporations when the acquisition thereof has been approved and authorized by the Commission);
>
> (2) For the construction, completion, extension or improvement of its facilities;
>
> (3) For the improvement or maintenance of its service;
>
> (4) For the discharge or lawful refunding of its obligations; or
>
> (5) For the reimbursement of moneys actually expended from income, or from any other moneys in the treasury of the public service company not secured by or obtained from the issue of its stocks or stock certificates or

[5] *Id.* at 6.

[6] *See* Order Approving Settlement, March 11, 2010, Case Nos. PUE-2009-00011, PUE-2009-00016, PUE-2009-00017, PUE-2009-00018, PUE-2009-00019, and PUE-2009-00081.

[7] Staff Report at 4.

> other evidences of interest or ownership of bonds, notes or other evidences of indebtedness payable at periods of twelve months or more after the date thereof, for any of the aforesaid purposes except maintenance of service in cases where the applicant shall have kept its accounts and vouchers for such expenditures in such manner as to enable the Commission to ascertain the amount of moneys so expended and the purposes for which such expenditures were made.

Section 56-61 provides the standard that must be applied by the Commission in this proceeding under Chapter 3:

> [W]hen the application sets forth that such securities are to be issued or such obligations or liabilities are to be assumed for any purpose set forth in § 56-58, and the Commission so finds, it shall approve the application and issue the order applied for, unless the Commission shall find, for reasons stated by it, that the issuance of such securities or the assumption of such obligations or liabilities is not reasonably necessary to carry out one or more of the purposes set forth in the application. The Commission may by its order grant permission for any such issuance or assumption in the amount or on the terms applied for, or in a less amount, or on different terms, or not at all, and may include in its order such terms and conditions fairly relating to the matter of such issuance or assumption as it may deem reasonable or necessary. Whenever the Commission refuses, in whole or in part, an application to issue securities or assume obligations or liabilities, or grants such an application with modifications, it shall state specifically its reasons so that such refusal or modifications may be reviewed judicially on appeal. . . .

Chapter 4 of Title 56

Since the proposed transaction is between affiliates, the Applicants also seek approval under Chapter 4 of Title 56 of the Code, § 56-76 *et seq.*, Regulation of Relations with Affiliated Interests ("Chapter 4"). Chapter 4 includes, but is not limited to, certain provisions as follows:

Section 56-77 of the Code states in part:

> A. No contract or arrangement providing for the furnishing of management, supervisory, construction, engineering, accounting, legal, financial, or similar services, and no contract or arrangement for the purchase, sale, lease or exchange of any property, right or thing, other than those above enumerated, or for the purchase or sale of treasury bonds or treasury capital stock made or entered into between a public service company and any affiliated interest shall be valid or effective unless and until it shall have been filed with and approved by the Commission. . . .

Section 56-80 addresses the Commission's continuing control over such arrangements as necessary to protect and promote the public interest:

> The Commission shall have continuing supervisory control over the terms and conditions of such contracts and arrangements as are herein described so far as necessary to protect and promote the public interest. The Commission shall have the same jurisdiction over the modification or amendment of contracts or arrangements herein described as it has over such original contracts or arrangements. The fact that the Commission shall have approved entry into any such contract or arrangement shall not preclude disallowance or disapproval of payments made pursuant thereto in the future, if upon actual experience under such contract or arrangement, it appears that the payments provided for, or made, were, or are, unreasonable. Every order of the Commission approving any such contract or arrangement shall be expressly conditioned upon the reserved power of the Commission to revise and amend the terms and conditions thereof, if, when and as necessary to protect and promote the public interest.

Discussion

We find that the Applicants' request satisfies the statutory standards of Chapters 3 and 4. We find that the issuance of common stock as requested herein is "reasonably necessary to carry out one or more of the purposes set forth in the [A]pplication,"[8] and that such purposes comport with those permitted under § 56-58 of the Code and are permissible under Chapter 4.

The proposed transaction will have the effect of increasing the Company's equity ratio, which could potentially put upward pressure on the Company's rates, depending on several factors not in front of us in this proceeding. Pursuant to § 56-61 of the Code, the Commission must deny the Application if we find that the requested issuance of Common Stock "is not reasonably necessary to carry out one or more of the purposes set forth in the [A]pplication." We must also find that affiliate transactions are in the public interest under Chapter 4. The potential impact on rates is relevant to both of these standards. The Applicants have stated that the purpose of the transaction is to offset the impact of the settlement of the Company's base rate case on its equity ratio in order to maintain its target credit metrics.[9] While this issuance of equity and corresponding increase in the Company's equity ratio could result in upward pressure on rates, we find that it is reasonable in light of the Company's stated goals. As we previously noted, the Company's levels of equity, the highest cost element of its financing sources, are projected at the top of the Company's own target range. This reinforces the need for proper balance in the context of the many factors that must be considered in maintaining a sound financial plan. We will direct our Staff to continue monitoring the elements which comprise the Company's capital structure to determine periodically whether this goal is being met in light of the changes in capital markets, including debt ratings, as well as the Company's construction activities and other relevant factors.

We also find that it is not necessary to initiate a separate capital structure planning proceeding as requested by the Committee at this time. There is sufficient evidence in the instant case for us to make the findings required by Chapters 3 and 4. Furthermore, if the Company seeks authority to issue

[8] Va. Code § 56-61.

[9] Application at 2.

common stock after 2010, it must initiate a subsequent proceeding that will necessarily address capital structure. Finally, our approval herein does not represent a finding that any specific equity ratio is reasonable for subsequent ratemaking purposes.

Accordingly, IT IS ORDERED THAT:

(1) DVP is authorized to issue and sell up to $500 million of authorized but unissued shares of the Company's common stock to DRI through December 31, 2010, under the terms and conditions and for the purposes described in the Application.[10]

(2) DVP shall file a report with the Commission within 10 days after each issuance of common stock detailing the date of the sale, the amount sold, and the price per share.

(3) Within thirty (30) days of the end of each calendar quarter in which common stock is issued, DVP shall submit a more detailed report to the Commission. Such report shall include the cumulative amount of common stock issued pursuant to the approval herein (including the date of sale, the amount sold, and the price per share), a statement concerning the purposes for which the common stock was issued, and a balance sheet that reflects the actions taken and the capital structure following such actions.

(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 approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code hereafter.

(6) The approval granted herein shall have no implications for ratemaking purposes.

(7) This matter shall be continued, subject to the continuing review, audit, and appropriate directive of the Commission.

[10] The authority to issue and sell $500 million of authorized by unissued shares of common stock approved herein is not cumulative of the authorized, but unissued shares of common stock previously approved in Case No. PUE-2009-00100.

CASE NO. PUE-2010-00051
JUNE 11, 2010

APPLICATION OF
RAPPAHANNOCK ELECTRIC COOPERATIVE,
SHENANDOAH VALLEY ELECTRIC COOPERATIVE,
A&N ELECTRIC COOPERATIVE,
and
SOUTHSIDE ELECTRIC COOPERATIVE

For conditional approval for certain identified customers to participate in the PJM Interconnection Interruptible Load for Reliability Program, Demand Resource Program, and Economic Load Response Program

ORDER

On June 1, 2010, Rappahannock Electric Cooperative ("Rappahannock"), Shenandoah Valley Electric Cooperative ("Shenandoah"), A&N Electric Cooperative ("A&N"), and Southside Electric Cooperative ("Southside") (collectively, the "Cooperatives"), all Virginia utility consumer services cooperatives, by counsel, filed with the State Corporation Commission ("Commission") an Application for conditional approval for certain identified customers to participate in the PJM Interconnection, LLC ("PJM"), Interruptible Load for Reliability Program ("ILRP"), Demand Resource Program ("DRP"), and Economic Load Response Program ("ELRP") (collectively, the "Programs"), and in support thereof stated as follows:

(1) The entities identified on Exhibits 1, 2, and 3 of the Application, and also included as Exhibits 1, 2, and 3 hereto (collectively, "Customers"), are electric utility service member-consumers of the Cooperatives. Exhibits 1, 2, and 3 also identify the Cooperative to which each Customer belongs as a member-consumer. Exhibits 1 and 2 identify customers of The Potomac Edison Company d/b/a Allegheny Power that have or will become member-consumers of Rappahannock or Shenandoah on or about June 1, 2010, pursuant to the Commission's May 14, 2010 Order in Case No. PUE-2009-00101. Exhibit 3 identifies member-consumers of A&N and Southside. The Cooperatives are members of Old Dominion Electric Cooperative ("ODEC").

(2) The Cooperatives have determined that the Customers may have the ability to shed load during peak demand and high energy pricing periods.

(3) The Customers have participated or demonstrated an interest in participating in one or more of the Programs, and each Customer's Cooperative has consented to such Customer's conditional participation in one or more of the Programs.

(4) With regard to each Customer's participation in the Programs, ODEC is the Load Serving Entity ("LSE"), its Cooperative is the Electric Distribution Company ("EDC"), and the Commission is a relevant electric retail regulatory authority ("RERRA").

(5) On July 16, 2009, the Federal Energy Regulatory Commission ("FERC") issued an Order on Rehearing in its Docket No. RM07-19-001 (Wholesale Competition in Regions with Organized Electric Markets). In that Order, FERC directed RTOs and ISOs (such as PJM) to amend their market

rules to accept bids from aggregators of retail customers of utilities that distributed 4 million MWh or less in the previous fiscal year (such as the Cooperatives) only with permission of the RERRA.[1]

(6) PJM made a compliance filing in FERC Docket No. RM07-19-001 that included certain tariff revisions related to the Programs. With regard to the ELRP, PJM specifies that participants should submit completed registration forms ten (10) business days prior to the expected date to begin active participation in the ELRP. The EDC and LSE have ten (10) business days to respond. ELRP registrations for end-use sites that were served by Small EDCs (those that distributed less than 4 million MWh in 2008) require evidence of the applicable RERRA's permission or conditioned permission to participate to be supplied to PJM by the EDC or LSE.[2] The evidence supplied must take the form of an order, resolution, or ordinance of the RERRA; an opinion of the RERRA's legal counsel attesting to the existence of an order, resolution, or ordinance; or an opinion of the state attorney general on behalf of the RERRA attesting to the existence of such an order, resolution, or ordinance. With regard to the ILRP, PJM specifies that participants should submit completed registration forms ten (10) business days prior to the applicable ILRP certification deadline. The EDC and LSE have ten (10) business days to respond. PJM further clarified that, to the extent that a completed registration form is submitted with ten (10) or fewer business days remaining prior to the applicable ILRP certification deadline, then the registration may be rejected by PJM if the EDC or LSE has not verified the registration before the registration deadline.[3]

(7) Participation by the Customers in the Programs would provide one incentive for Customers to curtail load during periods of high-priced electricity and may create financial opportunities for Customers.

(8) ODEC has consented to the Cooperatives' request for an order, in the form submitted with the Cooperatives' Application, granting the Customers conditional approval to participate in the ELRP, ILRP, and DRP in order to preserve the option of participation, pending further evaluation by the Customers, the Cooperatives, and ODEC and pending further action by the Commission.

NOW THE COMMISSION, having considered the Application, hereby dockets this case as Case No. PUE-2010-00051. Good cause having been shown, the Commission hereby grants permission to the Customers identified on Exhibits 1, 2, and 3 hereto to participate in the PJM Interruptible Load for Reliability Program, Demand Resource Program, or Economic Load Response Program, or a combination of them as indicated by Exhibits 1, 2 and 3, on the condition that such participation be limited and subject to the terms and conditions of any further action of the Commission.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed as Case No. PUE-2010-00051.

(2) The Commission grants the Customers identified on Exhibits 1, 2, and 3 hereto conditional permission to participate in the PJM Interruptible Load for Reliability Program, Demand Resource Program, or Economic Load Response Program, or a combination of them as indicated by Exhibits 1, 2, and 3, limited by and subject to any future action of the Commission.

(3) The Cooperatives, either directly or through the appropriate LSE, shall provide a copy of this Order, including Exhibits 1, 2, and 3, to PJM and to each Customer identified in Exhibits 1, 2, and 3.

(4) Within thirty (30) days of this Order, the Cooperatives shall file with the Commission a report of action demonstrating compliance with Ordering Paragraph (3) above.

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

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[1] Order 719, issued in the referenced FERC docket, stated that a "relevant electric retail regulatory authority" is an "entity that establishes the retail electric prices and any retail competition policies for customers, such as the city council for a municipal utility, the governing board of a cooperative utility, or the state public utility commission." Order 719 at P 158.

[2] PJM Interconnection, L.L.C.; Third Revised Rate Schedule FERC No. 24, First Revised Original Sheet No. 74A.01, Superseding Original Sheet No. 74A.01; Section 1.5A.3.01 Economic Load Response Registrations in Effect as of August 28, 2009.

[3] PJM Interconnection, L.L.C.; Third Revised Rate Schedule FERC No. 24, First Revised Original Sheet No. 146.02, Superseding Original Sheet No. 146.02; Registration.

CASE NO. PUE-2010-00053
NOVEMBER 5, 2010

JOINT PETITON OF
VIRGINIA ELECTRIC AND POWER COMPANY
and
RAPPAHANNOCK ELECTRIC COOPERATIVE

For approval of the sale and purchase of utility assets pursuant to the Va. Code §§ 56-88 *et seq.*

ORDER GRANTING APPROVAL

On June 1, 2010, Virginia Electric and Power Company ("DVP") and Rappahannock Electric Cooperative ("REC") (collectively, the "Joint Petitioners") filed a Joint Petition with the State Corporation Commission ("Commission"), pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the

Code of Virginia ("Code"),[1] for approval for DVP to sell and for REC to purchase utility assets. On July 6, 2010, Staff filed a Memorandum of Completeness, which deemed the Joint Petition complete.

DVP is a Virginia public service corporation with its principal business headquarters located in Richmond, Virginia. DVP is engaged in the business of providing electric utility service in Virginia and northeastern North Carolina. REC is a rural electric cooperative with its principal business headquarters located in Fredericksburg, Virginia, and is a member cooperative of Old Dominion Electric Cooperative ("ODEC").

DVP and REC are interconnected electronically through several delivery points pursuant to the Mutual Operating Agreement between DVP and ODEC dated May 18, 2005, which was filed with the Federal Energy Regulatory Commission ("FERC") in Docket No. ER05-1037 on May 27, 2005, and accepted for filing by FERC on July 7, 2005.

Pursuant to a Facilities Purchase Agreement ("Agreement") dated as of April 6, 2010, between DVP and REC, the Joint Petitioners mutually agreed that DVP will sell and REC will purchase DVP's control enclosure at the Locust Grove Delivery Point, including batteries and phone equipment (collectively, the "Control Enclosure"). The Joint Petitioners state that the Locust Grove Delivery Point Control Enclosure is no longer required by DVP, and its sole purpose is to serve REC, which desires to purchase the Control Enclosure for its use to serve REC customers in Virginia. Accordingly, DVP has offered to sell to REC, and REC has agreed to purchase from DVP, the Control Enclosure on the terms and conditions set forth in the Agreement.

At the closing of the Agreement, DVP will execute and deliver to REC a Bill of Sale conveying the Control Enclosure to REC. The purchase price for the Control Enclosure is $31,32 1, which represents the reproduction cost new depreciated, plus an administrative fee of $1,500, for a total price of $32,821.

Upon completion of the proposed transfer, the use of the property purchased by REC from DVP, the Control Enclosure, will remain as it is currently, an electric substation supplying the power needs for REC. The Joint Petitioners state that DVP previously provided interconnection service to REC through the Locust Grove Delivery Point, which was served from DVP's Transmission Circuits 2 and 198. A portion of this circuit is located within REC's certificated service territory. DVP, however, cannot serve customers from this portion of its circuit. Therefore, the Joint Petitioners have mutually agreed on the sale of the Control Enclosure by DVP to REC.

The Joint Petitioners state that the proposed transfer will have no impact on DVP's customers in Virginia, because REC is the only customer served by the facilities. Furthermore, there are no anticipated upgrades or improvements that will need to be made as a result of the proposed transfer. The Joint Petitioners state that there will be no impact on DVP's or REC's Virginia customers' rates, nor will there be any economic impact on the Commonwealth of Virginia as a result of the proposed transfer.

NOW THE COMMISSION, upon consideration of the Joint Petition and representations of the Joint Petitioners, and having been advised by its Staff, is of the opinion and finds that the above-described sale and purchase of utility assets will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-88 *et seq*. of the Code, Virginia Electric and Power Company and Rappahannock Electric Cooperative are hereby granted approval for Virginia Electric and Power Company to sell and for Rappahannock Electric Cooperative to purchase the utility assets as described herein for a total sales price of $32,821.

(2) The Joint Petitioners shall file a report of the action taken pursuant to the approval granted herein within thirty (30) days of the transaction taking place, subject to administrative extension by the Commission's Director of Public Utility Accounting. Such report shall include the date the sale took place, the actual sales price, and the actual accounting entries reflecting the transaction on the books of Virginia Electric and Power Company and Rappahannock Electric Cooperative.

(3) There appearing nothing further to be done in this matter, it hereby is dismissed.

[1] Va. Code §§ 56-88 *et seq.*

CASE NO. PUE-2010-00056
SEPTEMBER 9, 2010

JOINT PETITION OF
ALLEGHENY ENERGY, INC.
FIRSTENERGY CORP.;
TRANS-ALLEGHENY INTERSTATE LINE COMPANY;
and
THE POTOMAC EDISON COMPANY D/B/A ALLEGHENY POWER

For approval of the acquisition of control of The Potomac Edison Company d/b/a Allegheny Power and Trans-Allegheny Interstate Line Company by FirstEnergy Corp., pursuant to the Utility Transfers Act

FINAL ORDER

On June 4, 2010, pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"),[1] Allegheny Energy, Inc. ("Allegheny Energy"); FirstEnergy Corp. ("FirstEnergy"); Trans-Allegheny Interstate Line Company ("TrAILCo"); and The Potomac Edison Company d/b/a Allegheny Power ("Potomac Edison") (collectively, "Petitioners" or "Joint Petitioners"), filed a Motion for Protective Ruling with the State Corporation Commission ("Commission"), and on June 14, 2010, the Petitioners completed the filing of a Joint Petition seeking approval of the transfer of control of Potomac Edison and TrAILCo to FirstEnergy.[2]

On June 4, 2010, Allegheny Energy, the parent company of Potomac Edison and TrAILCo, and FirstEnergy entered into an Agreement and Plan of Merger ("Agreement").[3] Under the terms of the Agreement, Allegheny Energy and FirstEnergy would combine, after which Allegheny Energy would become a wholly owned subsidiary of FirstEnergy (hereinafter, "proposed transaction" or "proposed merger"), and Potomac Edison and TrAILCo would become indirect wholly owned subsidiaries of FirstEnergy.[4] Thus, if the proposed merger is completed, FirstEnergy would become the ultimate corporate parent of Allegheny Energy and all of its subsidiaries.[5]

In the Joint Petition, the Petitioners also stated that, although a final decision has not been made, they may elect to transition to a corporate structure whereby Allegheny Energy's three direct public utility subsidiaries that conduct business as Allegheny Power would all be aligned as first tier subsidiaries of FirstEnergy.[6] To avoid the time and expense of a separate filing before the Commission if the Petitioners decide to transition to such a corporate structure, the Joint Petitioners requested that the Commission also approve this alternative corporate structure.[7]

On June 25, 2010, the Commission issued an Order for Notice and Comment that, among other things: ordered the Joint Petitioners to provide notice of their Joint Petition to the public; provided interested persons an opportunity to comment or request a hearing on the Joint Petition; directed Commission Staff ("Staff") to analyze the reasonableness of the Joint Petition and present its findings in a Staff Report on or before August 13, 2010; and provided the Petitioners an opportunity to file a response to the Staff Report or to any comments or hearing requests.

On June 29, 2010, Shenandoah Valley Electric Cooperative and Rappahannock Electric Cooperative (collectively, the "Cooperatives") filed a Joint Notice of Participation with the Commission. The Cooperatives stated in their Joint Notice of Participation that they generally supported the proposed transaction but intended to participate in this proceeding in order to ensure that their vital interests were protected.[8]

On July 7, 2010, Robert F. McDonnell, Governor of the Commonwealth of Virginia, filed comments in support of the Joint Petition. Also on July 7, 2010, the National Association of Minority & Women Owned Law Firms ("NAMWOLF") filed comments on the Joint Petition, in which it informed the Commission of its intent to file a Notice of Appearance in the proceeding and urged the Commission to confirm that the proposed merger is in the public interest.

On July 30, 2010, Constellation Energy Commodities Group, Inc., and Constellation NewEnergy, Inc. (collectively, "Constellation"), filed a Motion to Intervene and Notice of Participation with the Commission.[9] Constellation stated that it intended to participate in this case because it had a direct

[1] Va. Code §§ 56-88 *et seq*.

[2] The Joint Petition was filed with the Clerk of the Commission on June 4, 2010, but not deemed complete until June 14, 2010, when the verified signature of FirstEnergy's corporate secretary was received.

[3] Joint Petition at 1.

[4] *Id*. at 1, 5. Specifically, to effectuate the proposed transaction, Allegheny Energy and Element Merger Sub., Inc., would merge, after which Allegheny Energy would be the surviving entity, and the separate corporate existence of Element Merger Sub., Inc., would cease. Element Merger Sub., Inc., is a wholly owned subsidiary of FirstEnergy, which was formed for the sole purpose of effecting the proposed merger. *See Id*. at 2, 5.

[5] *Id*. at 6.

[6] Allegheny Energy has three direct public utility subsidiaries that conduct business as Allegheny Power: West Penn Power Company in Pennsylvania; Monongahela Power Company in West Virginia; and Potomac Edison in Maryland, West Virginia, and Virginia. *Id*. at 5.

[7] *Id*. at 6.

[8] *See* Joint Notice of Participation at 3-4.

[9] On August 6, 2010, Constellation filed with the Commission a Notice of Withdrawal of the Motion to Intervene; however, Constellation requested to maintain its Notice of Participation in this proceeding.

and substantial interest in the outcome of the proceeding as retail and wholesale electricity suppliers in Virginia. Also on July 30, 2010, Yolanda Coly, Managing Director of NAMWOLF, in her individual capacity, filed a request for a hearing in this proceeding. However, subsequently, Ms. Coly filed a letter withdrawing her request to participate in this case. Finally, the Cooperatives filed comments on the proposed transaction on July 30, 2010. The Cooperatives requested that

> the Commission direct, in its Final Order in this proceeding, that FirstEnergy and Allegheny [Energy] shall not take any action or cause Potomac Edison to take any action that would modify, amend, delay or frustrate in any manner, the obligations of Potomac Edison set forth in the [Order dated May 14, 2010, in Case No. PUE-2009-00101] and in the related agreements filed with the Commission in connection with the approvals addressed in [Case No. PUE-2009-00101].[10]

On August 13, 2010, Staff filed its Staff Report. Staff found that the proposed acquisition of control of Potomac Edison and TrAILCo by FirstEnergy was not likely to impair or jeopardize the provision of adequate service to the public at just and reasonable rates and, therefore, the proposed transaction meets the standard set forth in the Utility Transfers Act. Staff recommended approval of the Joint Petition, with a report of action due within thirty (30) days of the close of the proposed transaction. Staff indicated that such report should include the date the proposed transaction took place.[11]

On August 20, 2010, the Joint Petitioners filed a response ("Response") to the Staff Report and Ms. Coly's hearing request. In the Response, the Petitioners agreed with the conclusions made by Staff in the Staff Report and urged that Ms. Coly's request for a hearing be denied.[12]

NOW THE COMMISSION, upon consideration of the record, is of the opinion and finds that, as Ms. Coly was the only participant who requested a hearing in this proceeding and as she subsequently withdrew from the case, no request for a hearing is currently before the Commission. Accordingly, no hearing will be held in this case.

The Commission further finds that the proposed transfer of utility assets, as set forth in the Joint Petition, will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved with the exception that the Joint Petitioners' request to have its alternate corporate structure approved is hereby denied. As is mentioned above, the Petitioners stated that they may desire in the future to transition to a corporate structure whereby Allegheny Energy's three direct public utility subsidiaries that conduct business as Allegheny Power would all be aligned as first tier subsidiaries of FirstEnergy. The Petitioners have stated that any transition to the alternative corporate structure would most likely take place one year or more after the completion of the proposed transaction.[13] Given that the Joint Petitioners placed no time limitations on when such a future transition could take place, nor provided any specifics regarding this alternative structure, the Commission finds that the Petitioners' request for open-ended approval of this as-yet speculative alternate corporate structure shall be denied.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the Utility Transfers Act, the Petitioners' Joint Petition for approval of the acquisition of control of The Potomac Edison Company d/b/a Allegheny Power and Trans-Allegheny Interstate Line Company by FirstEnergy Corp. is hereby approved as described and with the exceptions stated herein.

(2) Within thirty (30) days of completing the transfer, the Joint Petitioners shall file a report of action with the Commission. Such report shall include the date the proposed transaction took place.

(3) FirstEnergy Corp. and Allegheny Energy, Inc. shall not take any action or cause Potomac Edison to take any action that would modify, amend, delay or frustrate in any manner the obligations of Potomac Edison set forth in the Order dated May 14, 2010, in Case No. PUE-2009-00101 and in the related agreements filed with the Commission in connection with the approvals addressed in Case No. PUE-2009-00101.

(4) There being nothing further to come before the Commission in this proceeding, this case is hereby dismissed from the active docket and the papers filed herein placed in the Commission's file for ended causes.

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[10] Comments of Rappahannock Electric Cooperative and Shenandoah Valley Electric Cooperative at 3. For additional information on the Order referenced herein, see *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*, Order, Doc. Con. Cen. No. 100540231 (May 14, 2010) (approving transactions providing the Cooperatives the rights and obligations to provide retail electricity service in Potomac Edison's Virginia service territory, transferring distribution facilities to the Cooperatives, releasing Potomac Edison from the rights and obligations to provide electricity service at retail in its Virginia service territory, and requiring Potomac Edison to make certain payments to the Cooperatives).

[11] Staff Report at 20.

[12] Joint Petitioners' Response at 1-2. The Joint Petitioners' Response was filed prior to the filing of Ms. Coly's letter withdrawing from the case.

[13] Staff Report at 8, n. 13.

CASE NO. PUE-2010-00057
AUGUST 17, 2010

PETITION OF
CONTENTMENT ISLAND, L.L.C.,
and
WESTERN VIRGINIA WATER AUTHORITY

For approval of a transfer of a public utility

ORDER GRANTING APPROVAL

On June 7, 2010, Contentment Island, L.L.C. ("Contentment Island"), and the Western Virginia Water Authority ("Authority") (together, the "Petitioners") filed a petition with the State Corporation Commission ("Commission") for approval of a transfer of a public utility from Contentment Island to the Authority pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code"). More specifically, the Petitioners request approval to transfer the Contentment Island water system from Contentment Island to the Authority.

Contentment Island is a Virginia limited liability company and the owner of the water system, including the real estate, easements, and equipment that serves the owners of homes and lots in the Contentment Island Subdivision and The Cottages at Contentment Island located at Smith Mountain Lake in Franklin County, Virginia. Contentment Island is the successor to the initial developer, Virginia-Carolina Development Corporation ("Virginia-Carolina"), a Virginia corporation.

Virginia-Carolina purchased approximately 140 acres from Michael Paul Chaney in December 1988 for a consideration of $4,000,000 and developed the land for a residential neighborhood. The Plat of Section I of Contentment Island was recorded on June 8, 1989, for 20 lots; the Plat of Section II was recorded on December 5, 1989, for 21 lots; the Plat of Section III was recorded on December 5, 1989 for 11 lots; and the Plat of Section IV was recorded on March 6, 1990, for 23 lots. During the process of subdividing the lots and selling a portion thereof, Virginia-Carolina constructed a water system with necessary water lines extended to the lots in Contentment Island, and several wells were dug and equipment was installed to supply water. Fifty-nine houses have been constructed in the Contentment Island Subdivision, all of which are being served by the Contentment Island water system.

In 1996, Virginia-Carolina conveyed the remaining lots and land, including the Contentment Island water system, to Contentment Island to complete the development and sale of the remaining property of Virginia-Carolina. The Petitioners represent that Contentment Island's consideration for the conveyance was the cancellation of debt owed by Virginia-Carolina to the owner-members of Contentment Island. The Petitioners further state that no part of the consideration was apportioned to the water system, and the consideration for the cancellation of the indebtedness was based on the value of the lots and remaining acreage. In June 2003, Contentment Island conveyed to Resource Partners, L.L.C. ("Resource Partners"), a Virginia limited liability company, its remaining acreage of approximately 42 acres known as the main land property. Contentment Island has continued to sell lots and, at the present time, owns two lots and a 2.411 acre well lot upon which the water system equipment is located.

Resource Partners has subdivided the approximately 42 acres into 62 single family residential lots upon which it has constructed and sold approximately 42 residences. Resource Partners constructed the water lines and mains to supply the lots in The Cottages at Contentment Island, and the Contentment Island water system that Contentment Island operates is currently supplying water to those units. Contentment Island agreed to supply water to the 62 lots of The Cottages at Contentment Island as part of its sale of the 42 acres.

In December 2008, Resource Partners conveyed to Contentment Island all water distribution lines and equipment and easements to maintain, repair, and replace the water distribution lines and other equipment in The Cottages at Contentment Island. The Petitioners represent that Contentment Island did not pay any consideration to Resource Partners for the water system assets.

The Authority was formed by the Council of the City of Roanoke and the Board of Supervisors for the County of Roanoke on July 1, 2004, as a regional water authority to establish and operate water and sewer disposal systems and related facilities. The Authority was chartered in 2004 pursuant to the Virginia Water and Waste Authorities Act, Chapter 51 of Title 15.2 of the Code of Virginia (the "Act"). The Authority is authorized to acquire, finance, construct, manage, and maintain fully integrated water, wastewater, septage disposal and related facilities pursuant to the Act. On November 5, 2009, Franklin County became a member of the Authority, and the Authority's area of service was expanded to include Franklin County, Virginia.

The Petitioners entered into a Water System Purchase Agreement whereby Contentment Island agrees to sell, and the Authority agrees to purchase, the Contentment Island water system and all of the assets presently used in the operation of the system. After the proposed transfer, the Authority will provide water service to the Contentment Island Subdivision and The Cottages at Contentment Island customers and to the owners and future owners of homes in the subdivisions. The Contentment Island water system currently serves a total of 101 customers. The purchase price will be $90,000 cash payable to Contentment Island.

The assets involved in the proposed transfer include the 2.411 acre well lot, all water lines, laterals, valves, fittings, connections, storage facilities, sources of water supply, pumps, manholes, and any and all other equipment and related appurtenances now installed or hereinafter installed in the streets and public utility or water line easement areas in the Contentment Island Subdivision and The Cottages at Contentment Island. Also included are all inventory and water treatment chemicals and all items of tangible personal property currently being used for the treatment of water and which are located at the treatment facilities as well as all easements used or required in the operation of the Contentment Island water system.

For Contentment Island, the purpose of the proposed transfer is to allow it to dispose of the water system to an entity that is better suited to provide the customers with reliable service while allowing Contentment Island to exit the water business. By transferring the water system to the Authority, the Contentment Island water system will be staffed by personnel whose expertise is in owning and operating water systems.

For the Authority, the purpose of the transfer is to acquire a water system within its operating territory to provide Roanoke area citizens with a dependable supply of drinking water. The Authority treats and delivers 24 million gallons of drinking water per day for 56,000 customer accounts. The Authority is a governmental entity created solely to supply water to residences and businesses in the western Virginia area, which includes Franklin County, Virginia. The Authority recently acquired other systems in the general area of the Contentment Island system. The Petitioners represent that, after the

proposed transfer, all of the assets of the water systems will be owned by a governmental entity, which will be in a better position to provide continued reliable service at reasonable rates to the customers.

NOW THE COMMISSION, upon consideration of the petition and representations of the Petitioners and having been advised by its Staff, is of the opinion and finds that the proposed transfer will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and, therefore, should be approved.

However, we find that, in addition to the transfer of the water system to the Authority, Commission approval is also required for conveyances of the Contentment Island water system assets that occurred in 1996 between Virginia-Carolina and Contentment Island and in 2008 between Resource Partners and Contentment Island. Section 56-88 of the Code states in part that a public utility is "any company which owns or operates facilities within the Commonwealth . . . for the furnishing of sewerage facilities or water." In 1996, Virginia-Carolina owned and operated the Contentment Island water system and provided the water service. The conveyance of the assets to Contentment Island constituted an acquisition and disposition of utility assets that was subject to the provisions of § 56-89 *et seq*. Similarly, Resource Partners owned the water lines that provided service to The Cottages at Contentment Island, and the conveyance of the assets to Contentment Island also constituted an acquisition and disposition of utility assets.

Based on the information included in the petition and provided to the Commission Staff, we find that the transfers of utility assets that occurred in 1996 and 2008 have not impaired or jeopardized the provision of adequate service to the public at just and reasonable rates. Contentment Island, Virginia-Carolina, and Resource Partners do not appear to have violated the Utility Transfers Act deliberately.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-89 and 56-90 of the Code, the Petitioners are hereby granted approval of the transfer of assets to Western Virginia Water Authority, as described herein. Approval is also granted for the transfer of utility assets that occurred between Virginia-Carolina and Contentment Island in 1996 and the transfer of utility assets that occurred between Resource Partners and Contentment Island in 2008.

(2) Within ninety (90) days after the consummation of the transfer to the Authority, the Petitioners shall file a report with the Commission to include the date of the transfer to the Authority and the actual transfer price. The report shall also include the dates of the 1996 and 2008 transfers of assets.

(3) There appearing nothing further to be done in this matter, it hereby is dismissed.

CASE NO. PUE-2010-00058
JUNE 18, 2010

APPLICATION OF
APPALACHIAN POWER COMPANY

To revise its fuel factor pursuant to Va. Code § 56-249.6

ORDER ESTABLISHING 2010-2011 FUEL FACTOR PROCEEDING

On June 10, 2010, Appalachian Power Company ("Appalachian Power" or "Company") filed with the State Corporation Commission ("Commission") its application, written testimony, and exhibits requesting to decrease its current fuel factor from 2.876 cents per kilowatt-hour ("kWh") to 2.197 cents per kWh, effective for service rendered on and after August 1, 2010. The fuel factor revisions requested in Appalachian Power's application represent an estimated revenue decrease through the Company's fuel factor of approximately $109.8 million for the thirteen-month period from August 1, 2010 through August 31, 2011, or approximately $101.4 million on an annual basis.

The Company's proposed fuel factor includes both an in-period factor and a prior period factor. The Company's proposed in-period fuel factor reduction from 2.346 cents per kWh to 2.053 cents per kWh reflects lower projected fuel costs going forward. The Company's proposed prior period fuel factor reduction from 0.530 cents per kWh to 0.144 cents per kWh is designed to recover an anticipated under-recovery deferred fuel balance of $23 million as of July 31, 2010.

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.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUE-2010-00058.

(2) The Company's proposed fuel factor of 2.197 cents per kWh shall be allowed to go into effect on an interim basis for service rendered on and after August 1, 2010.

(3) A public hearing shall be convened on September 21, 2010, at 10:00 a.m., in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, to receive comments from members of the public and evidence related to the establishment of Appalachian Power's fuel factor pursuant to its application. Any person desiring to make a statement at the public hearing concerning the application need only appear in the Commission's Second Floor Courtroom at 9:45 a.m. on the day of the hearing and identify himself or herself to the Commission's Bailiff.

(4) The Company shall forthwith make copies of its application, prefiled testimony, and exhibits available for public inspection during regular business hours at all Company offices in Virginia where customer bills may be paid. Interested persons may also review a copy of Appalachian 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, between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday, excluding holidays. Interested persons may also request a copy of the same, at no

charge, by written request to counsel for Appalachian Power, Anthony Gambardella, Esquire, Woods Rogers PLC, 823 East Main Street, Suite 1200, Richmond, Virginia 23219. Appalachian Power shall make a copy available on an electronic basis upon request. In addition, unofficial copies of the Company's application, Commission orders entered in this docket, the Commission's Rules of Practice and Procedure, as well as other information concerning the Commission and the statutes it administers, may be viewed on the Commission's website at http://www.scc.virginia.gov/case.

(5) On or before July 13, 2010, Appalachian 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 its service territory:

NOTICE TO THE PUBLIC OF
APPALACHIAN POWER COMPANY'S
REQUEST TO DECREASE ITS FUEL FACTOR
CASE NO. PUE-2010-00058

On June 10, 2010, Appalachian Power Company ("Appalachian Power" or "Company") filed with the State Corporation Commission ("Commission") an application, written testimony and exhibits requesting to decrease its current fuel factor from 2.876 cents per kilowatt-hour ("kWh") to 2.197 cents per kWh, effective for service rendered on and after August 1, 2010. The fuel factor revisions requested in Appalachian Power's application represent an estimated revenue decrease through the Company's fuel factor of approximately $109.8 million for the thirteen-month period from August 1, 2010 through August 31, 2011, or approximately $101.4 million on an annual basis.

The Company's proposed fuel factor includes both an in-period factor and a prior period factor. The Company's proposed in-period fuel factor reduction from 2.346 cents per kWh to 2.053 cents per kWh reflects lower projected fuel costs going forward. The Company's proposed prior period fuel factor reduction from 0.530 cents per kWh to 0.144 cents per kWh is designed to recover an anticipated under-recovery deferred fuel balance of $23 million as of July 31, 2010.

Pursuant to Va. Code § 56-249.6, the Commission has scheduled a public hearing to commence at 10:00 a.m. on September 21, 2010, in the Commission's Second Floor Courtroom, Tyler Building, 1300 East Main Street, Richmond, Virginia, for the purpose of receiving comments from members of the public and evidence related to the establishment of Appalachian Power's fuel factor. The Commission also allowed the Company to place its proposed fuel factor in effect for service rendered on and after August 1, 2010, on an interim basis.

The Company's application, prefiled testimony, and exhibits are available for public inspection during regular business hours at all of the Company's offices where bills may be paid. Interested persons may also review a copy of the application in the Commission's Document Control Center, located on the First Floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia, between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday, excluding holidays. A copy of the Company's application may also be obtained, at no cost, by written request to counsel for Appalachian Power, Anthony Gambardella, Esquire, Woods Rogers PLC, 823 East Main Street, Suite 1200, Richmond, Virginia 23219. In addition, unofficial copies of the Company's application, Commission orders entered in this docket, the Commission's Rules of Practice and Procedure, as well as other information concerning the Commission and the statutes it administers, may be viewed on the Commission's website: http://www.scc.virginia.gov/case.

Any person desiring to make a statement at the public hearing concerning the application need only appear in the Commission's Second Floor Courtroom at 9:45 a.m. on the day of the hearing and identify himself or herself to the Commission's Bailiff. Any person desiring to file written comments on the Company's application shall file, on or before August 13, 2010, such comments with the Clerk of the Commission at the address set forth below and shall simultaneously serve a copy of such comments on counsel for the Company at the address set forth above. Any person desiring to file comments electronically may do so on or before August 13, 2010, by following the instructions found on the Commission's website: http://www.scc.virginia.gov/case.

On or before July 20, 2010, any interested person may participate as a respondent in this proceeding by filing an original and fifteen (15) copies of a notice of participation with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, and simultaneously serving a copy of the notice of participation on counsel to the Company. Interested parties should obtain a copy of the Commission's Order for further details on participation as a respondent.

On or before August 13, 2010, each respondent may file with the Clerk of the Commission at the address set forth above, an original and fifteen (15) copies of any testimony and exhibits by which it expects to establish its case and shall serve copies of the testimony and exhibits on counsel to Appalachian Power and on all other respondents.

All filings with the Clerk of the Commission shall refer to Case No. PUE-2010-00058 and shall simultaneously be served on counsel for the Company at the address set forth above.

APPALACHIAN POWER COMPANY

(6) On or before July 13, 2010, 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. Service shall be made by first class mail to the customary place of business or residence of the person served.

(7) At the commencement of the hearing scheduled herein, the Company shall provide proof of service and notice as required in this Order.

(8) Any person desiring to file written comments on the Company's application shall file, on or before August 13, 2010, such comments with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, and shall simultaneously serve a copy of such comments on counsel to the Company at the address set out in Ordering Paragraph (4) above. Any person desiring to file comments electronically may do so on or before August 13, 2010, by following the instructions found on the Commission's website: http://www.scc.virginia.gov/case.

(9) On or before July 20, 2010, any interested person may participate as a respondent in this proceeding by filing an original and fifteen (15) copies of a notice of participation with the Clerk of the Commission at the address set out in Ordering Paragraph (8) above, and simultaneously serving a copy of the notice of participation on counsel to the Company at the address set forth in Ordering Paragraph (4) above. Pursuant to Rule 5 VAC 5-20-80 of the Commission's Rules of Practice and Procedure, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Interested parties shall refer in all of their filed papers to Case No. PUE-2010-00058.

(10) Within three (3) business days of receipt of a notice of participation as a respondent, the Company shall serve upon each respondent a copy of this Order, a copy of the application, and all materials filed with the Commission, unless these materials have already been provided to the respondent.

(11) On or before August 13, 2010, each respondent may file with the Clerk of the Commission at the address set forth in Ordering Paragraph (8) above, an original and fifteen (15) copies of any testimony and exhibits by which it expects to establish its case and shall simultaneously serve copies of the testimony and exhibits on counsel to the Company and all other respondents.

(12) The Commission Staff shall investigate the reasonableness of the Company's estimated fuel expenses and proposed fuel factor. On or before August 27, 2010, the Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of the Staff's testimony and exhibits regarding the captioned application and shall promptly serve a copy on counsel to the Company and all respondents.

(13) On or before September 3, 2010, the Company shall file with the Clerk of the Commission an original and fifteen (15) copies of any rebuttal testimony that the Company expects to offer in rebuttal to the testimony and exhibits of the respondents and the Commission Staff and shall on the same day serve one (1) copy on Staff and all respondents.

(14) The Company and all respondents shall respond to written interrogatories within seven (7) calendar days after receipt of the same. Except as modified above, discovery shall be in accordance with Part IV of the Commission's Rules of Practice and Procedure.

(15) Pursuant to § 12.1-31 of the Code of Virginia and 5 VAC 5-20-120 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq*., the Commission assigns a Hearing Examiner to rule on any discovery matter that may arise in this proceeding.

(16) This matter is continued pending further order of the Commission.

CASE NO. PUE-2010-00058
OCTOBER 6, 2010

APPLICATION OF
APPALACHIAN POWER COMPANY

To revise its fuel factor pursuant to Va. Code § 56-249.6

ORDER ESTABLISHING FUEL FACTOR

On June 10, 2010, Appalachian Power Company ("Appalachian Power" or the "Company") filed with the State Corporation Commission ("Commission") its application, written testimony, and exhibits requesting to decrease its current fuel factor from 2.876 cents per kilowatt-hour ("kWh") to 2.197 cents per kWh, effective for service rendered on and after August 1, 2010. The fuel factor revisions requested in Appalachian Power's application represented an estimated revenue decrease through the Company's fuel factor of approximately $109.8 million for the thirteen-month period from August 1, 2010, through August 31, 2011, or approximately $101.4 million on an annual basis.

The Company's proposed fuel factor includes both an in-period factor and a prior period factor. The Company's proposed in-period fuel factor reduction from 2.346 cents per kWh to 2.053 cents per kWh reflects lower projected fuel costs going forward. The Company's proposed prior period fuel factor reduction from 0.530 cents per kWh to 0.144 cents per kWh is designed to recover an anticipated under-recovery deferred fuel balance of approximately $23 million at July 31, 2010.

On June 18, 2010, the Commission entered an Order Establishing 2010-2011 Fuel Factor Proceeding that, among other things: (1) permitted the Company to place the proposed fuel factor into effect on an interim basis for service rendered on and after August 1, 2010; (2) established a procedural schedule for this matter; (3) required the Company to provide public notice of its application; and (4) scheduled a hearing on the Company's application for September 21, 2010.

On September 1, 2010, the Commission Staff ("Staff") filed its testimony wherein the Staff concluded that "in total the Company's estimated fuel expenses for the forecast period and the resulting proposed fuel factor, while somewhat optimistic in nature, are generally reasonable for the purpose of establishing the fuel factor."[1] Staff did, however, identify a number of potential fuel factor adjustments that the Commission could

[1] Ex. 13 at 11.

reasonably consider, including: (1) the elimination of pre-August 9, 2010 wind energy contract costs from the deferred fuel balance; (2) an update to the July 31, 2010 estimated deferred fuel balance; (3) correction of an error in the Company's accounting of the Virginia coal tax credit; (4) correction of an error in the Company's assumed small coal unit heat rates; and (5) an adjustment for an optimistic off-system sales ("OSS") margin credit projection. Staff estimated that these adjustments would reduce the Company's fuel factor from 2.197 cents per kWh to 2.123 cents per kWh.

On September 10, 2010, the Company filed its rebuttal testimony. The Company agreed with Staff that adjustments to remove wind energy costs from the deferred fuel balance and to correct identified accounting errors were appropriate. The Company noted, however, that due to an error in a Company audit response, the Staff's wind energy cost estimate was based on total company costs rather than Virginia jurisdictional costs. The Company calculated that Staff's adjustments would result in a fuel factor of 2.217 cents per kWh, and recommended that the Commission retain the interim fuel factor of 2.197 cents per kWh.

The hearing on the Company's application was convened on September 21, 2010. One public witness appeared at the hearing. Senator William Roscoe Reynolds testified on behalf of the citizens residing in the Virginia 20th Senatorial District. Appearances were made by counsel for the Company, Old Dominion Committee for Fair Utility Rates ("Committee"), the Virginia Municipal League ("VML") and the Virginia Association of Counties ("VACo") APCo Steering Committee (collectively, "VML/VACo APCo Steering Committee"), the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel") and the Staff. Proofs of public notice of the application and service on local government officials were marked as exhibits and received into the record. Pursuant to an agreement of counsel, the Company's application, testimony and exhibits, as well as the Staff's testimony and exhibits, were entered into the record without cross-examination.

At the hearing, the Company, Staff, Consumer Counsel and the VML/VACo APCo Steering Committee (collectively, the "Stipulating Participants") presented a joint stipulation ("Stipulation") resolving all contested issues in the proceeding.[2] The Committee was not a party to the Stipulation but did not express any opposition to the Stipulation during the hearing. Pursuant to the Stipulation, the Stipulating Participants agreed that the fuel factor of 2.197 cents per kWh, requested by the Company and made effective by the Commission's June 18, 2010 Order for service rendered on and after August 1, 2010, should remain in effect until changed by the Commission. The Stipulating Participants also agreed that the Commission should adopt the Staff's recommendation to decrease the deferred fuel balance to eliminate Camp Grove and Fowler Ridge purchased power wind energy costs incurred prior to August 10, 2009, without prejudice to their continued deferral and recovery as appropriate, in future Commission proceedings. The Stipulating Participants further agreed that the appropriate amount of such Virginia jurisdictional wind energy costs is $9,956,634.

The Stipulating Participants further agreed that the Commission should hold open the Company's 2007-2009 Fuel Audit, and that adjustments to the Company's treatment of Virginia coal tax credits should be reflected in its actual fuel costs and in the determination of its actual monthly fuel cost deferral balance in this case. The Stipulating Participants agreed that the amount of such adjustments should result in a net decrease to Virginia jurisdictional fuel expense of $4,025,688, subject to the audit of such adjustments in completing the Company's 2007-2009 Fuel Audit. Finally, the Company agreed in the Stipulation that it will report its fuel hedging transactions as requested in the Staff testimony.

NOW THE COMMISSION, upon consideration of the record in this case and the applicable statutes, is of the opinion and finds that the proposed Stipulation should be accepted.

As explained in prior cases, approval of the fuel factor herein does not represent ultimate approval of the Company's fuel expenses. An audit and investigation of the Company's actual booked fuel expenses and OSS margins, among other things, will be conducted by the Staff after the close of the fuel year. The Commission subsequently determines what are, in fact, prudent and therefore allowable fuel expenses, as well as the Company's recovery position at 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.[3]

Accordingly, 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.

Finally, we direct the Staff to monitor the Company's fuel cost recovery on a monthly basis. If the Staff finds evidence of a change in the recovery balance that permits the Commission, pursuant to Va. Code § 56-249.6 A 2, to adjust the fuel factor downward during the current period, we will review the matter to determine whether fuel rates should be decreased.

Accordingly, IT IS ORDERED THAT:

(1) The Stipulation is hereby accepted.

(2) The Company's fuel factor shall be 2.197 cents per kWh for service rendered on and after August 1, 2010.

(3) This case is continued generally.

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[2] Steel Dynamics, Inc., filed a Notice of Participation in this matter but did not appear at the hearing and took no position on the joint stipulation.

[3] *Application of Kentucky Utilities Company, t/a Old Dominion Power Company, To revise its fuel factor pursuant to Va. Code § 56-249.6*, Case No. PUE940043, Order Establishing 1994/95 Fuel Factor, 1995 S.C.C. Ann. Rept. 309, 311 (Jan. 6, 1995).

CASE NO. PUE-2010-00060
OCTOBER 19, 2010

JOINT PETITION OF
PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP., E.ON U.S. LLC,
AND KENTUCKY UTILITIES COMPANY d/b/a OLD DOMINION POWER COMPANY

For approval of transfer of ownership and control

FINAL ORDER

On June 15, 2010, PPL Corporation ("PPL"), E.ON AG ("E.ON"), E.ON US Investments Corp. ("E.ON US Investments"), E.ON U.S. LLC ("E.ON U.S."), and Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP") (collectively, "Petitioners"), filed with the State Corporation Commission ("Commission") a joint petition, pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"), § 56-88 *et seq*. of the Code, for approval of the transfer of ownership and control of KU/ODP by E.ON US Investments to PPL ("Joint Petition"). The Petitioners stated that, in accordance with the terms of a purchase and sale agreement, PPL intends to acquire all of the issued and outstanding limited liability company interests of E.ON U.S. from E.ON's indirect wholly owned subsidiary, E.ON US Investments ("Proposed Transfer").

The Petitioners have requested that the Commission find that approval of the proposed acquisition of ownership and control of E.ON U.S. by PPL will not impair or jeopardize the provision of adequate service by KU/ODP to the public at just and reasonable rates. In conjunction with the request for the Commission to approve the proposed acquisition of ownership and control, the Petitioners have also requested that the Commission determine that PPL and any intermediate company between PPL and KU/ODP will not, by reason of ownership of all limited liability interests of E.ON U.S., which in turn owns all outstanding common shares of KU/ODP, be a public service company in Virginia as defined in § 56-1 of the Code. The Petitioners further have requested that the Commission declare that no further approval under Chapter 4 of Title 56 of the Code is necessary for the previously approved services agreement between and among KU/ODP, Louisville Gas and Electric Company, and LG&E Energy Services, Inc. ("Services Agreement").[1]

On June 25, 2010, E.ON US Investments filed its Supplemental Verification with the Commission in response to Staff's Memorandum of Incompleteness issued on June 23, 2010. Commission Staff subsequently issued a Memorandum of Completeness deeming the Joint Petition complete as of June 25, 2010.

On July 9, 2010, the Commission entered an Order for Notice and Comment, which, *inter alia*, directed the publishing of notice to the public, afforded interested persons an opportunity to comment and request a hearing on the Joint Petition, and directed the Staff of the Commission ("Staff") to review the Joint Petition and file a report detailing the results of its investigation.

To date, no comments or requests for hearing have been received by the Commission. On September 24, 2010, the Staff Report was filed, which documented certain commitments ("Commitments") made by the Petitioners in support of the Proposed Transfer, which Staff believes are appropriate and will further ensure that adequate service to the public at just and reasonable rates will not be jeopardized by the Proposed Transfer. They are as follows:

1. KU/ODP's ability to provide adequate, efficient, and reasonable utility service will not be impaired by E.ON U.S.

2. KU/ODP is prohibited from guaranteeing the debt of E.ON U.S. and its affiliates without the prior approval of the Commission.

3. KU/ODP will not include in Virginia retail rates any costs attributable to LG&E's regulatory assets or potential strandable costs without prior Commission approval.

4. PPL will ensure that KU/ODP will: a) adequately fund and maintain KU/ODP's transmission and distribution systems, b) comply with all Commission regulations and statutes, and c) supply KU/ODP customers' service needs.

5. PPL and E.ON U.S. will support and assist KU/ODP's continued maintenance of a balanced capital structure and recognize the Commission's continued ratemaking authority over KU/ODP's capital structure, financing, and cost of capital.

6. KU/ODP's ratepayers, directly or indirectly, will not incur any additional costs, liabilities, or obligations in conjunction with the acquisition (except in connection with the repayment and refinancing of the closing indebtedness in accordance with its terms).

7. The Commission will have open access to the books and records of E.ON U.S. and KU/ODP and to appropriate personnel, including the books and records of affiliates and subsidiaries as they relate to transactions between KU/ODP and other affiliates. PPL and KU/ODP also commit to continue the same reporting process in place and to include such additional, special, or periodic reports, schedules, classifications, or other information that the Commission would reasonably require in accordance with Virginia regulatory law, to monitor significant transfers of utility assets, personnel changes, business ventures, other major transactions, and to regulate effectively the operations of KU/ODP.

[1] *See Joint Petition of Kentucky Utilities Co., Louisville Gas and Elec. Co., and LG&E Energy Services, For approval of a services agreement*, Case No. PUA-2000-00050, 2000 S.C.C. Ann. Rept. 210, Order Granting Approval (Aug. 10, 2000). Note that this case is also referred to as Case No. PUA000050.

8. KU/ODP will commit to continue to maintain a high level of cooperation with Staff and will take all actions necessary to ensure KU/ODP's timely response to informal data requests submitted by Staff with respect to KU/ODP's provisions of service in Virginia.

9. KU/ODP will not seek recovery of the acquisition premium paid by PPL for the E.ON U.S. stock and the costs associated with the consummation of the transaction through its Virginia jurisdictional retail rates. Further, PPL and E.ON U.S. commit that the premium paid by PPL for the E.ON U.S. stock, as well as any other associated costs, will not be "pushed down" to KU/ODP for ratemaking purposes.

10. KU/ODP commits to provide Staff annually with information regarding the general corporate objectives of the consolidated operations of E.ON U.S. and their potential impact on KU/ODP.

11. KU/ODP will operate and maintain the distribution system in its Virginia service territory at or above current levels of service quality and reliability; will implement, on a timely basis, distribution system improvements that are required to maintain such system levels of service quality and reliability as well as to provide any individual customer or groups of customers with an acceptable level of service quality and reliability consistent with nationally recognized standards acceptable to the Commission.

12. KU/ODP will make all reasonable efforts to support any additional distribution reliability monitoring efforts undertaken by Staff.

13. KU/ODP will provide the Commission with notice thirty (30) days' prior to any FERC [Federal Energy Regulatory Commission] filing that proposes new allocation factors.

14. KU/ODP will abide by the conditions placed on the Services Agreement by the Commission in its August 10, 2000 Order in Case No. PUA000050 unless and until modified by the Commission.[2]

Furthermore, the Staff recommended approval of the proposed acquisition, subject to the above-mentioned Commitments to which the Petitioners have agreed. In addition to these Commitments, Staff also recommended that the Commission require that when any of the affiliates with which KU/ODP currently has an approved affiliate agreement undergoes a name change as a result of the proposed acquisition, KU/ODP should be required to obtain Commission approval of a new affiliate agreement within sixty (60) days of such name change taking effect. At that time, the Staff can review the appropriateness of the services being provided to KU/ODP as well as the associated allocation methods.

Also, the Staff recommended that KU/ODP be required to file an application requesting approval under Chapter 4 of Title 56 of the Code, § 56-76 *et seq.* ("Affiliates Act"), in the event that E.ON U.S. Services, Inc., utilizes any other affiliates, including PPL Services Corporation, to provide services to KU/ODP. The Staff noted that even though the transaction is not dependent on any synergies and savings, the Staff still recommended that the Petitioners track costs and savings attributable to the proposed acquisition for KU/ODP and maintain such records to be available for Staff review as necessary.

The Staff recommended that the Commission require, for a period of two (2) years, that PPL report to the Commission any credit rating agency downgrade of the debt of PPL or any E.ON U.S.-based operating subsidiaries within thirty (30) days of such downgrade. The Staff recommended that PPL supply in its report to the Commission a copy of the publicly available rating agency report containing such downgrade.

Staff also recommended that a report of action be filed with the Commission within thirty (30) days of the acquisition taking place, subject to administrative extension by the Commission's Director of Public Utility Accounting. Such report should include the date the acquisition took place, the price paid by PPL, and any accounting entries on the books of KU/ODP as a result of the acquisition. With these requirements, the Staff recommended that the Commission approve the Proposed Transfer.

On September 29, 2010, the Petitioners filed their response to the Staff Report acknowledging their agreement with the fourteen Commitments contained in the Staff Report and offering comments on the five additional recommendations offered by Staff. Regarding Staff's recommendation that KU/ODP be required to obtain Commission approval of a new affiliate agreement within sixty (60) days when any of its affiliates with which it currently has an approved affiliate agreement undergoes a name change, Petitioners requested that the Commission accept the Staff's recommendation "with the clarification that KU/ODP 'seek' rather than 'obtain' Commission approval."[3] The Petitioners noted that KU/ODP currently operates under a Services Agreement approved by the Commission in its August 10, 2000 Order in Case No. PUE-2000-00050 and that the Joint Petition requested a finding that no further approval under Chapter 4 of Title 56 of the Code is necessary for that Services Agreement. The Petitioners further noted that they expect to announce the name change of E.ON US Services, Inc., and intend to file with the Commission the existing Services Agreement with the new name within sixty (60) days of the announcement or by November 29, 2010.

The Petitioners' response also addressed Staff's recommendation that "Petitioners track costs and savings attributable to the proposed acquisition for KU/ODP and maintain such records to be available for Staff review as necessary."[4] The Petitioners suggested that this requirement is adequately

[2] Staff Report at 13-15.

[3] Petitioners' Response at 2.

[4] Staff Report at 15.

addressed by the Commitments contained in the Staff Report.[5] To the extent that this requirement is not satisfied by the Commitments, the Petitioners stated that they can accept this recommendation "with the understanding it is consistent with the documentation of expected cost effectiveness of significant business decisions and maintaining those records for Staff review as necessary, which is the current business practice of KU/ODP."[6]

Finally, the Petitioners stated that the additional recommendations by Staff are acceptable to the Petitioners as contained in the Staff Report. Due to favorable conditions for the refinancing in the bond market, the Petitioners requested that the Commission issue its orders in this proceeding by October 15, 2010, to support and facilitate a closing of the acquisition by November 1, 2010.

NOW THE COMMISSION, upon consideration of the filings herein and of the applicable law, is of the opinion and finds that the Commitments of the Petitioners and the recommendations as set forth in the Staff Report, except as modified herein, should be adopted as requirements for Commission approval of the Proposed Transfer. The Commission further finds that, with these Commitments and recommendations in place, the Proposed Transfer will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved.

With regard to the Petitioners' request that the Commission declare that no further approval under Chapter 4 of Title 56 of the Code is necessary for the Services Agreement between and among KU/ODP, Louisville Gas and Electric Company, and LG&E Energy Services, Inc. which was previously approved by the Commission in Case No. PUA-2000-00050, the Commission finds that the request should be granted in part. Said Services Agreement need not be re-filed for approval at this time. However, we have herein adopted a requirement directing the filing of a new application for approval of an affiliate agreement when an affiliate in the agreement undergoes a name change. The Services Agreement approved in Case No. PUA-2000-00050 is subject to the same requirement. At that time we will exercise our continuing jurisdiction, as per § 56-80 of the Code, to review the Services Agreement to ensure that it continues to be in the public interest.

Finally, Petitioners requested that the Commission determine that PPL and any intermediate company between PPL and KU/ODP will not, by reason of ownership of all limited liability interests of E.ON U.S., which in turn owns all outstanding common shares of KU/ODP, be a public service company in Virginia as defined in § 56-1 of the Code. We find that such a determination is not necessary at this time nor required for reaching our decision on the Proposed Transfer under the relevant statutory standards.

Accordingly, IT IS ORDERED THAT:

(1) The Proposed Transfer is hereby approved subject to the requirements set forth herein.

(2) KU/ODP's ability to provide adequate, efficient, and reasonable utility service shall not be impaired by E.ON U.S.

(3) KU/ODP shall be prohibited from guaranteeing the debt of E.ON U.S. and its affiliates without the prior approval of the Commission.

(4) KU/ODP shall not include in Virginia retail rates any costs attributable to LG&E's regulatory assets or potential strandable costs without prior Commission approval.

(5) PPL shall ensure that KU/ODP will: a) adequately fund and maintain KU/ODP's transmission and distribution systems, b) comply with all Commission regulations and statutes, and c) supply KU/ODP customers' service needs.

(6) PPL and E.ON U.S. shall support and assist KU/ODP's continued maintenance of a balanced capital structure and recognize the Commission's continued ratemaking authority over KU/ODP's capital structure, financing, and cost of capital.

(7) KU/ODP's ratepayers shall not, directly or indirectly, incur any additional costs, liabilities, or obligations in conjunction with the acquisition (except in connection with the repayment and refinancing of the closing indebtedness in accordance with its terms).

(8) The Commission shall have open access to the books and records of E.ON U.S. and KU/ODP and to appropriate personnel, including the books and records of affiliates and subsidiaries as they relate to transactions between KU/ODP and other affiliates. PPL and KU/ODP also shall continue the same reporting process in place and include such additional, special, or periodic reports, schedules, classifications, or other information that the Commission may reasonably require in accordance with Virginia regulatory law, to monitor significant transfers of utility assets, personnel changes, business ventures, and other major transactions, and to regulate effectively the operations of KU/ODP.

(9) KU/ODP shall continue to maintain a high level of cooperation with Staff and shall take all actions necessary to ensure KU/ODP's timely response to informal data requests submitted by Staff with respect to KU/ODP's provision of service in Virginia.

(10) KU/ODP shall not seek recovery of the acquisition premium paid by PPL for the E.ON U.S stock and the costs associated with the consummation of the transaction through its Virginia jurisdictional retail rates. The premium paid by PPL for the E.ON U.S. stock, as well as any other associated costs, shall not be "pushed down" to KU/ODP for ratemaking purposes.

(11) KU/ODP shall provide Staff annually with information regarding the general corporate objectives of the consolidated operations of E.ON U.S. and their potential impact on KU/ODP.

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[5] Petitioners' Response at 3. Specifically, the Petitioners suggested that Commitment Nos. 6 and 9 satisfactorily address this recommendation made by the Staff. Commitment No. 6 provides that "KU/ODP's ratepayers, directly or indirectly, will not incur any additional costs, liabilities, or obligations in conjunction with the acquisition (except in connection with the repayment and refinancing of the closing indebtedness in accordance with its terms)." Commitment No. 9 provides that "KU/ODP will not seek recovery of the acquisition premium paid by PPL for the E.ON U.S. stock and the costs associated with the consummation of the transaction through its Virginia jurisdictional retail rates. Further, PPL and E.ON U.S. commit that the premium paid by PPL for the E.ON U.S. stock, as well as any other associated costs, will not be 'pushed down' to KU/ODP for ratemaking purposes." Staff Report at 14.

[6] Petitioners' Response at 4.

(12) KU/ODP shall operate and maintain the distribution system in its Virginia service territory at or above current levels of service quality and reliability; shall implement, on a timely basis, distribution system improvements that are required to maintain such system levels of service quality and reliability as well as to provide any individual customer or groups of customers with an acceptable level of service quality and reliability consistent with nationally recognized standards acceptable to the Commission.

(13) KU/ODP shall make all reasonable efforts to support any additional distribution reliability monitoring efforts undertaken by Staff.

(14) KU/ODP shall provide the Commission with notice thirty (30) days prior to any FERC filing that proposes new allocation factors.

(15) KU/ODP shall abide by the conditions placed on the Services Agreement by the Commission in its August 10, 2000 Order in Case No. PUA-2000-00050 unless and until modified by the Commission.

(16) When any of the affiliates with which KU/ODP currently has an approved affiliate agreement undergoes a name change as a result of the Proposed Transfer, KU/ODP shall file an application for Commission approval of a new affiliate agreement within sixty (60) days of such name change taking effect.

(17) In the event that E.ON U.S. Services, Inc., utilizes any other affiliates, including PPL Services Corporation, to provide services to KU/ODP, then KU/ODP shall file an application requesting approval under the Affiliates Act to obtain such services.

(18) KU/ODP shall track costs and savings attributable to the Proposed Transfer for KU/ODP and maintain such records to be available for Staff review as necessary.

(19) For a period of two (2) years, PPL shall be required to report to the Commission any credit rating agency downgrade of the debt of PPL or any E.ON U.S.-based operating subsidiaries within thirty (30) days of such downgrade. In its report, PPL shall supply to the Commission a copy of the publicly available rating agency report containing such downgrade. PPL shall offer to provide a discussion or presentation to the Commission Staff of the future plans to deal with the credit downgrade.

(20) Within thirty (30) days of completing the Proposed Transfer, the Petitioners shall file a report of action with the Commission. Such report shall include the date the acquisition took place, the price paid by PPL, and any accounting entries on the books of KU/ODP as a result of the acquisition. The deadline for the filing of the report shall be subject to administrative extension by the Commission's Director of Public Utility Accounting.

(21) As there is nothing further to come before the Commission, this matter is dismissed from the Commission's active docket and the papers filed herein placed in the Commission's file for ended causes.

CASE NO. PUE-2010-00061
OCTOBER 19, 2010

APPLICATION OF
KENTUCKY UTILITIES COMPANY d/b/a OLD DOMINION POWER COMPANY

For authority under Chapter 3 of Title 56 of the Code of Virginia to restructure and refinance unsecured debt, to assume obligations, and for amendment of existing authority

ORDER GRANTING AUTHORITY

On June 15, 2010, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP" or "Company"), filed an application with the State Corporation Commission ("Commission") pursuant to Chapter 3 of Title 56 of the Code of Virginia ("Code"), § 56-55 *et seq.* of the Code, to restructure and refinance its existing debt ("Application"). On June 25, 2010, KU/ODP paid the requisite fee of $250.

KU/ODP states that this Application is filed concurrently with the joint petition of PPL Corporation ("PPL"), E.ON AG ("E.ON"), E.ON US Investments Corp. ("E.ON US Investments"), E.ON U.S. LLC, and KU/ODP (collectively "Joint Petitioners"), in Case No. PUE-2010-00060, in which the Joint Petitioners seek the Commission's approval for the transfer of ownership and control ("Change of Control") of KU/ODP by E.ON US Investments to PPL, pursuant to the Utility Transfers Act, § 56-88 *et seq*. of the Code.[1] KU/ODP states that the approvals requested herein are in conjunction with and are contingent upon approval of the Change in Control sought in Case No. PUE-2010-00060. On July 7, 2010, the Commission issued an order extending jurisdiction over the instant case until 30 days after the final order in Case No. PUE-2010-00060. The Company supplemented the Application with revisions filed on August 2, 2010, August 24, 2010, and October 12, 2010.

In this Application, KU/ODP seeks Commission authority to replace a total of twenty-one (21) existing unsecured promissory notes ($1.331 billion total principal amount) between itself and Fidelia Corporation ("Fidelia"), an affiliate within E.ON, with the issuance of First Mortgage Bonds ("FMB") directly to the market secured by a lien on KU/ODP's properties in Kentucky. According to the Application, when the Change of Control transaction is completed, all Fidelia promissory notes ("Fidelia Notes") will become due at the closing, requiring refinancing. Bridge financing to retire the Fidelia Notes will be provided by a financing affiliate of PPL and is under Commission consideration in Case No. PUE-2010-00094. KU/ODP intends to issue FMB in a like amount of principal after the Change of Control transaction is completed. The existing loan agreements with Fidelia include a prepayment provision should the Fidelia Notes be paid off prior to maturity. As of March 31, 2010, KU/ODP estimated the prepayment provision would

[1] KU/ODP acknowledges that certain aspects of the refinancing transactions proposed herein involve affiliate transactions that will also require approval under Chapter 4 of Title 56 of the Code. The Company filed an application on August 17, 2010, and the Commission docketed it as Case No. PUE-2010-00094.

require a payment of approximately $73 million from KU/ODP to Fidelia. However, under the terms of the Change of Control, the prepayment provision is waived, saving refinancing costs.

KU/ODP also seeks to revise the authority granted in Case No. PUE-2009-00130[2] to allow KU/ODP to issue up to $225 million in long-term debt to Fidelia or the external capital markets. If a portion of the $225 million in debt authority is issued to Fidelia prior to the Change of Control, KU/ODP also requests authority to replace the additional Fidelia debt with a like amount of new FMB. KU/ODP states that it is not requesting any additional borrowing beyond the amount already approved by the Commission. By letter filed on October 12, 2010, KU/ODP requests that the time to issue the $225 million of debt securities be extended from December 31, 2010, to December 31, 2011.

The Company also seeks an order from the Commission confirming KU/ODP's existing authority to secure seven (7) series of pollution control debt with the Company's FMB or, alternatively, modifying KU/ODP's authority with respect to these seven (7) series of pollution control debt to allow for such security, and granting the Company authority to secure four (4) series of pollution control debt with FMB, which series were issued since 2006.

KU/ODP further seeks an order that expressly allows for the use of FMB to secure any refunding debt obligations that may be incurred pursuant to the authority granted to KU/ODP in Case No. PUE-2008-00034.[3] KU/ODP states that mitigation actions contemplated may not be completed until 2011, therefore the Company further requests that its authority in Case No. PUE-2008-00034 be extended through December 31, 2011.

The Company also seeks authority to enter into new, multi-year revolving credit facilities to replace KU/ODP's current $400 million revolving credit facilities with Fidelia, to allow for short-term borrowing from time to time. When the Change of Control is completed, the existing revolving credit facility ("Money Pool") between KU/ODP and Fidelia will no longer be available. KU/ODP will be seeking to enter into a new multi-year revolving credit facility with one or more financial institutions, to become effective when the Change of Control becomes effective.

Finally, KU/ODP seeks Commission authority to secure the proposed debt issuances via a lien created under a proposed new mortgage indenture, which would, as described herein, include modernized administrative terms and conditions, according to the Company.

KU/ODP originally requested that the order in this case be issued concurrently with the order in Case No. PUE-2010-00060 and that the orders be issued no later than November 19, 2010. However, in filings made on September 22, 2010, and on September 29, 2010, in Case No. PUE-2010-00060, where, among other things, KU/ODP's requested approval date for Case Nos. PUE-2010-00060, PUE-2010-00061, and PUE-2010-00094, was revised from November 19, 2010, to October 15, 2010.

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. Therefore, we find that KU/ODP's requests to restructure and refinance unsecured debt, to assume obligations, and for amendment of existing authority should be granted.[4]

Accordingly, IT IS ORDERED THAT:

(1) KU/ODP is authorized to enter into a new indenture agreement, all under the terms and conditions and for the purposes as set forth in the Application.

(2) KU/ODP is authorized to refinance up to $1.331 billion of unsecured debt to Fidelia Corporation or PPL Corporation, as applicable, from the date of this order through December 31, 2011, all under the terms and conditions and for the purposes set forth in the Application.

(3) KU/ODP is authorized to secure all eleven (11) existing series of pollution control financing debt with secured debt issued by KU/ODP to refinance Fidelia unsecured long-term debt, all under the terms and conditions and for the purposes set forth in the Application.

(4) KU/ODP is authorized to enter into one or more new credit facilities to provide short-term financing up to $400 million to replace its current revolving credit facility with Fidelia, all under the terms and conditions and for the purposes set forth in the Application.

(5) KU/ODP shall submit to the Division of Economics and Finance a preliminary report of action within ten (10) days after the issuance of any long-term debt securities pursuant to Ordering Paragraph (2) to include the type of security, the issuance date, amount of the issue, the interest rate, the maturity date, and a brief explanation of reasons for the term of maturity chosen.

(6) Within sixty (60) days after any debt securities are issued pursuant to Ordering Paragraph (2), KU/ODP shall file with the Commission a detailed report of action with respect to all long-term debt 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 for any secured debt issued to refund other outstanding debt prior to maturity, if an update is applicable;

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[2] *See Application of Kentucky Utilities Co. d/b/a Old Dominion Power Co., For authority to issue securities under Chapter 3 of Title 56 of the Code of Virginia and to engage in an affiliate transaction under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2009-00130, 2009 S.C.C. Ann. Rept. 557, Order Granting Authority (Dec. 28, 2009).

[3] *Application of Kentucky Utilities Co. d/b/a Old Dominion Power Co., For authority to issue securities under Chapter 3 of Title 56 of the Code of Virginia*, Case No. PUE-2008-00034, 2008 S.C.C. Ann. Rept. 522, Order Granting Authority (June 19, 2008), and 2009 S.C.C. Ann. Rept. 311, Order Granting Motion and Extending Authority (Nov. 30, 2009).

[4] In accordance with the findings herein, orders will be issued concurrently in Case Nos. PUE-2008-00034 and PUE-2009-00130 amending the authority granted and extending the time period approved therein to and through December 31, 2011.

(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 submit to the Division of Economics and Finance a final report of action on or before February 28, 2012, to include all information required in Ordering Paragraph (6) along with 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 (4), and a detailed account of all upfront line of credit fees and a summary of the actual expenses and ongoing line of credit fees associated with the revolving lines 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.

(8) Approval of the Application shall have no implications for ratemaking purposes.

(9) The authority granted herein shall not preclude the Commission from applying the provisions of § 56-78 and § 56-80 of the Code hereafter.

(10) The Commission reserves the right to examine the books and records of any affiliate, whether or not such affiliate is regulated by this Commission, in connection with the authority granted herein.

(11) This matter shall be continued, subject to the continuing review, audit, and appropriate directive of the Commission.

CASE NO. PUE-2010-00063
JULY 14, 2010

APPLICATION OF
WASHINGTON GAS LIGHT COMPANY

For approval to recover hexane costs

PRELIMINARY ORDER

On June 23, 2010, Washington Gas Light Company ("WGL" or the "Company") filed an application with the State Corporation Commission ("Commission") to recover $507,121 of costs associated with the non-Btu component of hexane injections for the fiscal year ended September 30, 2009, in accordance with the terms of the Stipulation accepted by the Commission in Case No. PUE-2006-00059[1] ("Application"). Paragraph 6(b) of the Stipulation accepted in Case No. PUE-2006-00059 provides in pertinent part that

> . . . if the Company's Virginia-jurisdictional earned return on equity is less than 10.0%, based on a per-books earnings test for the fiscal year ended September 30, during any [performance-based regulation] PBR period for the revised PBR Plan, the Company may file an application pursuant to 5 VAC 5-20-80 A, to request recovery of the actual Virginia-jurisdictional amount of the non-Btu component of hexane expensed during that PBR period in excess of $400,000. The cost recovery of the non-Btu component of hexane will be limited to that amount in excess of $400,000 required for the Company to achieve an earned return on equity of 10.0% for that PBR period for the revised PBR Plan. If the Company's earned return on equity is greater than or equal to 10.0% during any PBR Period, then the Company shall not seek additional recovery of the cost of the non-Btu component of hexane.[2]

In its Application, WGL maintains that its Annual Informational Filing for the twelve months ended September 30, 2009, indicates that WGL's return on equity was below 10.0%. The Company asserts that the revenue requirement available for incremental hexane cost recovery for WGL to earn a return on equity of 10.0% for fiscal year 2009 would be $2,838,576. WGL advises that the actual Virginia non-Btu hexane cost for fiscal year 2009 is $907,121. According to WGL, since the Stipulation permits the Company to collect any excess of actual Virginia-jurisdictional non-Btu hexane costs in excess of $400,000, the Application requests recovery of $507,121 of the non-Btu component of hexane costs expensed during fiscal year 2009.

The Company included tariff revisions to collect the $507,121 amount in excess of the $400,000 threshold for the non-Btu component of hexane costs expensed during fiscal year 2009. The Company proposes to collect the approved amount of non-Btu hexane costs in the following manner: the Company will include an adjustment to the distribution charge to collect the non-Btu portion of hexane costs for Company customers served under WGL Rate Schedule Nos. 1, 1A, 2, 2A, 3, 3A, 4, and 7. According to WGL, the hexane charge will be computed as a cents-per-therm basis comprising a current and a reconciling factor. The current factor, if applicable, will be calculated annually by dividing the non-Btu portion of hexane costs that the Commission permits the Company to recover by total weather normalized throughput for the year. The reconciling factor, according to WGL, will be the difference between the actual amount to be charged and the actual amount collected during the twelve-month period. WGL proposes to implement the current factor (as an adjustment to the distribution charge) in the first billing cycle month following Commission approval of WGL's Application to recover the non-Btu portion of the costs of hexane injections. The Company included revised tariff pages showing the computation of the factor to collect the non-Btu hexane costs as Appendix C to its Application.

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[1] *Application of Washington Gas Light Company, For a general increase in rates, fees, charges and revisions to the terms and conditions of service as well as approval of a performance-based rate regulation methodology under Va. Code § 56-235.6*, Case No. PUE-2006-00059, 2007 S.C.C. Ann. Rept. 315, 319, Final Order (Sept. 19, 2007) (hereafter "Case No. PUE-2006-00059").

[2] *See* Stipulation accepted in Case No. PUE-2006-00059 at 8-9.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that the captioned application should be docketed and assigned Case No. PUE-2010-00063; that the Company's proposed tariff revisions should be suspended pursuant to § 56-238 of the Code of Virginia ("Code") for a period of one hundred fifty days from the date the proposed tariff revisions were filed with the Commission to and through November 20, 2010, or until the Commission renders its final determination in this matter, whichever is earlier; and that this case should be continued generally.

Accordingly, IT IS ORDERED THAT:

(1) The captioned matter shall be docketed and assigned Case No. PUE-2010-00063.

(2) The Company's proposed tariff revisions shall be suspended pursuant to § 56-238 of the Code for a period of one hundred fifty days from the date the proposed revised tariffs were filed with the Commission to and through November 20, 2010, or until the Commission renders its final determination in this matter, whichever is earlier.

(3) This case shall be continued generally.

CASE NO. PUE-2010-00063
DECEMBER 15, 2010

APPLICATION OF
WASHINGTON GAS LIGHT COMPANY

For approval to recover hexane costs and to revise tariffs

FINAL ORDER

On June 23, 2010, Washington Gas Light Company ("WGL" or "Company") filed an application with the State Corporation Commission ("Commission") requesting approval to recover $507,121 of costs relating to the non-Btu component of hexane injections for the fiscal year ended September 30, 2009 ("Application"). In support of its Application, the Company advised that it began injecting hexane into its system in February 2006 to replace heavy hydrocarbons in liquefied natural gas that enters the Company's distribution system. According to WGL, the injection of hexane was a response to increased leaks in mechanical couplings on the Company's distribution system. WGL advised that the leaks are attributable to the shrinkage of rubber seals in mechanical couplings used in the construction of 2-inch and smaller distribution mains and service lines. The Company contends that the shrinkage of the rubber seals has been linked to the lack of heavy hydrocarbons in re-gasified liquefied natural gas ("LNG") received from Cove Point LNG, LP. According to WGL, during the natural gas liquefaction process, heavy hydrocarbons, e.g., hexanes and pentanes, are separated from the natural gas stream. The primary goal of the hexane exchange is to limit additional leaks from mechanical couplings where delivery of LNG cannot be avoided.

WGL's Application related that in Case No. PUE-2006-00059,[1] the Commission approved a Stipulation as part of WGL's performance-based rate regulation plan ("PBR Plan") that, among other things, permitted WGL to request approval from the Commission to recover the non-Btu portion of hexane costs if the Company's return on equity is less than 10% in any PBR Plan annual period. The Company's Application advised that in its Annual Informational Filing ("AIF") for the twelve-month period ending September 30, 2009 ("fiscal year 2009"), the results of WGL's earnings test filed in the AIF indicated that the Company earned less than a 10% return on equity.[2] The Company's Application seeks recovery of the actual Virginia-jurisdictional amount of the non-Btu component of hexane, in excess of $400,000, or expensed in the fiscal year and PBR Plan period ended September 30, 2009. WGL's Application explained that the revenue requirement available for incremental hexane cost relief for WGL to earn a return on equity of 10.0% for the fiscal year 2009 would be $2,838,576, but the actual Virginia non-Btu hexane cost for the fiscal year 2009 was $907,121. In accordance with the Stipulation, WGL proposes to collect the actual Virginia jurisdictional non-Btu hexane costs in excess of $400,000, or $507,121. WGL proposes to collect any amount of non-Btu hexane costs approved by the Commission from customers receiving service under Rate Schedule Nos. 1 - Residential Service, 1A - Residential Delivery Service, 2 - Commercial and Industrial Service, 2A - Commercial and Industrial Delivery Service, 3 - Group Metered Apartment Service, 3A - Group Metered Apartment Delivery Service, 4 - Interruptible Service, and 7 - Interruptible Delivery Service, through an adjustment to the distribution charge for these Rate Schedules.

WGL proposed that the hexane charge be computed on a cents-per-therm basis comprising a current and a reconciling factor. According to the Company's Application, the current factor, if applicable, will be calculated annually by dividing the non-Btu portion of hexane costs approved by the Commission by total weather normalized throughput for the year. The Company filed, as Appendix C to its Application, revised tariff pages showing the computation of the factor to collect the non-Btu hexane costs. WGL proposed to implement the current factor as an adjustment to the distribution charge in the first billing cycle month following Commission approval of its Application.

On July 14, 2010, the Commission entered its Preliminary Order herein. The Preliminary Order docketed the Company's Application and suspended the Company's proposed tariff revisions pursuant to § 56-238 of the Code of Virginia to and through November 20, 2010, or until the Commission makes its final determination in this case, whichever is earlier.

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[1] *See Application of Washington Gas Light Company, For a general increase in rates, fees, charges and revisions to the terms and conditions of service as well as approval of a performance-based rate regulation methodology under Va. Code § 56-235.6*, Case No. PUE-2006-00059, 2007 S.C.C. Ann. Rept. 315, Final Order (Sept. 19, 2007) (hereafter "Case No. PUE-2006-00059"). The Final Order entered in Case No. PUE-2006-00059 incorporated the terms of the Stipulation as part of the Order. *Id.*, 2007 S.C.C. Ann. Rept. at 319, Final Order (Sept. 19, 2007).

[2] WGL noted that the Staff Report filed on May 24, 2010, by the Staff of the Commission ("Staff") in Case No. PUE-2010-00005, the AIF for the twelve-month period ended September 30, 2009, showed that WGL earned a 9.20% return on equity. WGL concluded that it had earned a 9.55% return on equity in the earnings test submitted with its AIF for fiscal year 2009.

On July 22, 2010, the Commission entered its Order for the Notice and Comment ("Order"). In this Order, the Commission directed the Company to prefile on or before August 18, 2010, the direct testimony and exhibits the Company intended to offer in support of its Application; invited interested persons to file comments or requests for hearing on the Company's Application on or before September 30, 2010; directed the Company to complete publication of notice prescribed in the Order[3] on or before August 18, 2010; required the Company to serve a copy of the Order on local governmental officials in counties, cities, and towns in which the Company offers service; required the Commission Staff to file on or before October 21, 2010, a report or testimony, as appropriate, on the proposals set forth in the Company's Application; directed the Company to file proof of the notice and service required by the Order on or before November 4, 2010; and authorized the Company to file on or before November 4, 2010, its response or testimony it expected to introduce in rebuttal to the comments or requests for hearing of interested persons or the Staff Report or testimony.

On August 18, 2010, the Company filed the prefiled Direct Testimony of Paul S. Buckley in support of the Application. This testimony, among other things, advised that the Application filed herein reflected an incorrect allocation of the hexane costs between the Btu and the non-Btu components of hexane. Mr. Buckley included an exhibit (Exhibit PSB-1) to his testimony that shows the correct allocations. Mr. Buckley advised at page 2 of his testimony that although Exhibit PSB-1 supports non-Btu hexane cost recovery of $542,745, the Company requests authority to recover $507,121 in non-Btu hexane costs, and plans to make the necessary adjustment in the 2010 Actual Cost Adjustment ("ACA") reconciliation for the non-Btu hexane costs that were collected through WGL's Purchased Gas Charge ("PGC"), the automatic adjustment clause through which the Company recovers its gas supply purchases.

No comments or requests for hearing were filed herein by interested persons. WGL filed its proof of notice and service with the Commission on September 8, 2010.

On October 20, 2010, the Staff filed its Report ("Staff Report" or "Report") on the Company's Application. In its Report, Staff noted, among other things, that in WGL's AIF for the fiscal year 2009, the Commission entered an Order Accepting Staff Recommendations and Dismissing Proceeding on June 30, 2010,[4] which adopted Staff's accounting adjustments, capital structure and recommendations set forth in the May 24, 2010 Staff Report filed in Case No. PUE-2010-00005.

According to the Staff Report filed in Case No. PUE-2010-00005, based on a 9.20% rate of return on average common equity, WGL's revenues were $5.1 million below what was necessary to earn a 10% rate of return on average common equity. The Report noted that recovery of the requested $507,121 would not result in earnings which exceed a 10% rate of return on average common equity for the test year.

The Staff Report also discussed WGL's hexane cost recovery. The Report commented that WGL's calculation of its hexane cost recovery included the Btu and the non-Btu components of hexane that were expensed during the PBR Plan period, October 1, 2008, to September 30, 2009. The Report advised that WGL determines the costs allocated with the Btu component of hexane each month by converting the Virginia jurisdictional quantity of withdrawn hexane gallons to therms and multiplying that product by the respective month's weighted average cost of gas. WGL calculates the total Virginia jurisdictional hexane costs each month by multiplying the total costs allocated with the withdrawal of hexane by the Virginia allocation factor of 41%. The non-Btu component of hexane is the difference between the Btu hexane costs and the total Virginia jurisdictional hexane costs. The Report explained that in Appendix B of the Company's Application, WGL divides the non-Btu hexane costs totaling $507,121 by an estimated weather normalized throughput of 607,241,000 therms, which represents the twelve-month budget period beginning July 2010, through June 2011.

The Staff reported that the actual throughput for the PBR Plan period, October 2008 through September 2009, was 618,558,795 therms. The current factor for the non-Btu portion of hexane costs using the actual throughput for the PBR Plan period is $0.0008 cents per therm. Staff noted that the current factor for the non-Btu portion of hexane representing total costs of $542,745, and a throughput of 618,558,795 therms is $0.0009 cents per therm.

At pages 10-11 of its Report, the Staff proposed revised tariff language, which it represents is more consistent with the Stipulation accepted in Case No. PUE-2006-00059 and clearly sets out how WGL should compute its non-Btu hexane costs. Staff also recommended that WGL submit its hexane work papers along with its quarterly PGC filings. Additionally, Staff recommended that WGL's recovery of non-Btu hexane costs should be shared among all of the Company's customers who utilize WGL's distribution system. The Staff therefore recommended that Rate Schedule No. 8 - Developmental Natural Gas Vehicle Service and Rate Schedule No. 10 - Large Volume Delivery Service[5] should be included in the Company's proposed performance-based rate recovery ("PBRR") factor calculations, and the Company's tariff should be revised to address the recovery of the non-Btu portion of hexane costs from these Rate Schedules.

On November 4, 2010, the Company filed the "Response of Washington Gas Light Company to Staff Report" ("Response"). In its Response, WGL advised that it will submit its 2010 ACA in November 2010, which will include a credit adjustment for $35,622 of non-Btu hexane costs that had been collected from WGL's customers in the 2008-2009 ACA period. WGL advised that it did not object to applying the non-Btu hexane costs to Rate Schedule Nos. 8 and 10. Appendix 1 attached to the Response recalculates the factor to recover non-Btu hexane costs to include the additional throughput associated with Rate Schedule No. 8.

The Company confirmed that it does not currently provide service to any customers under Rate Schedule No. 10, and it advised that it did not object to including the throughput allocated with Rate Schedule No. 10 if the Company were to provide service to large volume delivery service customers in the future. According to the Company, the PBRR factor shown in Appendix 1 to the Response replaces the PBRR factor calculations shown in Exhibit PSB-2 of Company witness Paul S. Buckley's August 18, 2010 testimony.

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[3] The public notice prescribed in the Order advised that "after considering the record in this case, the Commission may change the tariff revisions proposed by the Company or take other actions with respect to the recovery of the non-Btu component of hexane costs that differ from the proposals set out in the Company's Application." Order at 6.

[4] *See Application of Washington Gas Light Company, For an Annual Informational Filing for the Twelve Months ending September 30, 2009*, Case No. PUE-2010-00005, Doc. Con. Cen. No. 100660077, slip op. at 7, Order Accepting Staff Recommendations and Dismissing Proceeding (June 30, 2010).

[5] Staff noted that the throughput for Rate Schedule No. 10 is zero since the Company currently does not serve any customers under this Schedule. In the event WGL services customers in Rate Schedule No. 10 prospectively, then the PBRR factor would apply.

The Company agreed to Staff's proposed revised tariff language for General Service Provision ("GSP") No. 33 (Performance-Based Rate Recovery) as revised to include language to reflect the PBRR factor for Rate Schedule Nos. 8 and 10. WGL's Response proposed to add the following language to the first sentence of Paragraph A.1. of GSP No. 33 after the words "Distribution Charge": "(Commodity Charge on Rate Schedule No. 8, monthly charge on Rate Schedule No. 10)."[6] The tariff pages with the revisions to GSP No. 33 recommended by the Staff and supported by WGL in its Response appear as Appendix II to the Response. Appendix II also includes tariff pages for revisions to Rate Schedule Nos. 8 and 10 to indicate that GSP No. 33 will apply to service provided under these two rate schedules.

NOW THE COMMISSION, upon consideration of the Application, the Company's prefiled direct testimony, the Staff Report, the Response thereto and the applicable statutes, is of the opinion and finds that the Company's Application to recover $507,121 of costs relating to the non-Btu portion of hexane injections is supported by the record and should be approved subject to the findings made herein for the period ended September 30, 2009; that the revised PBRR factor set out in Revised (11/04/10) Exhibit PSB-2 (Appendix I to WGL's Response) should be implemented as an adjustment to the distribution charge in the first billing cycle month following the issuance of this Order to recover the non-Btu portion of the cost of hexane injections; that WGL should file its work papers supporting its hexane cost recovery as part of its quarterly PGC filings with the Commission's Division of Energy Regulation; that the Company should adjust for the collection of non-Btu hexane costs that were recovered through the 2008-2009 ACA in the 2010 ACA; that the 2010 ACA submitted to the Division of Energy Regulation Staff should include a credit adjustment in the amount of $35,622 for non-Btu hexane costs that were collected in the 2008-2009 ACA period; that it is appropriate to apply the non-Btu hexane costs to Rate Schedule Nos. 1, 1A, 2, 2A, 3, 3A, 4, 7, 8, and 10; that the revised tariff set out in Appendix II to WGL's response is hereby approved effective for the first billing cycle month following the issuance of this Order; and that this case should be dismissed from the Commission's docket of active proceedings.

Accordingly, IT IS ORDERED THAT:

(1) In accordance with the findings made herein, the Company's Application to recover $507,121 of costs relating to the non-Btu portion of hexane injections is hereby approved for the period ended September 30, 2009.

(2) The revised PBRR factor set out in Appendix 1 to WGL's Response shall be implemented as an adjustment to the distribution charge in the first billing cycle month following the issuance of this Order to recover the non-Btu portion of the cost of hexane injections.

(3) WGL shall file the work papers supporting its hexane cost recovery along with its quarterly PGC filings with the Commission's Division of Energy Regulation.

(4) WGL shall include a credit adjustment of $35,622 of non-Btu hexane costs that were recovered in the 2008-2009 ACA in the 2010 ACA.

(5) The revised tariff set out in Appendix II to WGL's Response is hereby approved effective for the first billing cycle month following the issuance of this Order.

(6) There being nothing further to be done herein, this case is hereby dismissed from the Commission's docket of active proceedings, and the papers filed herein shall be placed in the Commission's file for ended causes.

[6] Response at 3.

CASE NO. PUE-2010-00065
AUGUST 6, 2010

APPLICATION OF
MASSANUTTEN PUBLIC SERVICE CORPORATION

For Waiver of 2009 AIF Filing

ORDER GRANTING PARTIAL WAIVER

On June 25, 2010, Massanutten Public Service Corporation ("Massanutten" or "Company") filed its Request for Waiver of Filing of 2009 AIF ("AIF Waiver Request"). Under the terms of the State Corporation Commission ("Commission") Rules Governing Utility Rate Applications and Annual Informational Filings, 20 VAC 5-201-30 ("Rule 30"), Massanutten asked the Commission to find that it did not need to file an Annual Informational Filing for 2009, or, in the alternative, that the Company be granted a waiver with respect to such a filing.

On July 27, 2010, the Commission Staff ("Staff") filed its response to Massanutten's AIF Waiver Request, asserting that a 2009 AIF was required but that the only schedules needed by the Staff were the "earnings test" schedules 9, 11, 12, 14, and 16, as identified in 20 VAC 5-201-90. The Staff also proposed that Rule 30's 120-day requirement be waived and that Massanutten file the aforementioned schedules no later than September 1, 2010.

By letter filed July 29, 2010, Massanutten confirmed that it was in agreement with the Staff's proposal regarding the schedules to be filed and the filing date.

NOW THE COMMISSION, having considered the pleadings and the agreement between Massanutten and the Staff, is of the opinion and finds that the Company should file schedules 9, 11, 12, 14 and 16, on or before September 1, 2010.

Accordingly, IT IS ORDERED THAT:

(1) Massanutten's Request for Waiver of Filing of 2009 AIF is granted in part, and denied in part, as set forth herein;

(2) Massanutten shall file Schedules 9, 11, 12, 14, and 16, for the calendar year 2009, on or before September 1, 2010; and

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

CASE NO. PUE-2010-00065
OCTOBER 4, 2010

APPLICATION OF
MASSANUTTEN PUBLIC SERVICE CORPORATION

For Waiver of 2009 AIF Filing

ORDER *NUNC PRO TUNC*

On August 6, 2010, the State Corporation Commission ("Commission") entered its Order Granting Partial Waiver ("August 6, 2010 Order") in response to a request for waiver filed on June 25, 2010, by Massanutten Public Service Corporation ("Company"). The August 6, 2010 Order stated inadvertently in Ordering Paragraph (3) that the case was dismissed.

On August 31, 2010, the Company properly filed the designated schedules 9, 11, 12, 14, and 16 for the 2009 test period, as directed by the August 6, 2010 Order. To retain this proceeding as the vehicle for the Commission Staff to submit its analysis and report regarding those schedules, the Commission, *nunc pro tunc*, will alter Ordering Paragraph (3) to continue this case generally.

NOW THE COMMISSION, having considered its August 6, 2010 Order, has determined that Ordering Paragraph (3) should be revised to continue this matter generally.

Accordingly, IT IS HEREBY ORDERED THAT:

(1) Ordering Paragraph (3) of the August 6, 2010 Order is modified to read as follows:

"(3) This matter is continued generally."

(2) In all other respects, the August 6, 2010 Order remains unaltered.

CASE NO. PUE-2010-00066
DECEMBER 17, 2010

APPLICATION OF
MECKLENBURG ELECTRIC COOPERATIVE

For approval of a 100% Renewable Energy Tariff

ORDER APPROVING TARIFF

On June 30, 2010, Mecklenburg Electric Cooperative ("MEC" or the "Cooperative") filed an Application for approval of its proposed Rider GT for 100% renewable electric service ("Rider GT") with the Virginia State Corporation Commission ("Commission") pursuant to the General Assembly's recently enacted § 56-577 A 6 of the Code of Virginia ("Code").[1] The Code provides that a cooperative may make a tariff for electric energy provided 100% from renewable energy available to one or more classes of its residential customers if the cooperative provides undifferentiated electric energy, retires a quantity of renewable energy certificates ("RECs") equal to 100% of the electric energy provided pursuant to such tariff, and makes appropriate disclosures regarding the RECs. The Code further provides that a cooperative must "disclose to its retail customers who express an interest in purchasing energy pursuant to such tariff (i) that the renewable energy is comprised of the retirement of renewable energy certificates, (ii) the identity of the entity providing the renewable energy certificates, and (iii) the sources of renewable energy being offered."

According to MEC, Rider GT would be available on a voluntary basis as a "companion rate" to any customer who contracts with the Cooperative for the purchase and retirement of RECs equal to all of the customer's monthly metered kilowatt hour ("kWh") consumption under an existing Cooperative

[1] On August 27, 2010, in Case No. PUE-2010-00066, MEC filed a Motion for Leave to Withdraw Application (Doc. Con. Cen. No. 100870727) and a Motion for Leave to Amend Application (Doc. Con. Cen. No. 100870728) (collectively, "Motions") simultaneously with an Amended Application for Approval of 100% Renewable Tariff (Doc. Con. Cen. No. 100870729) ("Application"). In its Motions at pages 1-2, the Cooperative stated that "acting in an abundance of caution, it is prudent to seek leave to withdraw the Application and refile it so as to comply with the letter of the Act, which provides for approvals on or after July 1, 2010.'" The Application and attached Rider GT are substantively identical to the Cooperative's Application and Rider GT filed in this case on June 30, 2010 (Doc. Con. Cen. No. 100660125). The Commission's September 9, 2010 Order for Notice and Comment granted the Motions and accepted MEC's Application and attached Rider GT filed on August 27, 2010, in lieu of its filing on June 30, 2010.

Rate Schedule. MEC also stated that Rider GT would be available to any residential class customers with a consumption charge immediately upon approval by the Commission and available to any nonresidential class customers on a similar basis on and after July 1, 2012.

MEC further stated that the customer may terminate billing under Rider GT by giving the Cooperative at least thirty (30) days' prior notice. After receiving such notice, the Cooperative would terminate billing under Rider GT effective with, or prior to, the customer's next meter read date. The Cooperative reserved the right to terminate Rider GT or revise the pricing or minimum purchase amount after giving sixty (60) days' prior notice. According to the Cooperative, Rider GT would not affect service taken by a customer under an existing applicable Rate Schedule.

Renewable energy charges for the Cooperative's Rider GT would be in addition to all other charges due under the Cooperative's Terms and Conditions and the Rate Schedule applicable to the customer's service. Under proposed Rider GT, the Renewable Energy Rate ("R") would be equal to $0.015 per kWh. The customer's total bill, including R, would never be less than zero.

On September 9, 2010, the Commission entered its Order for Notice and Comment that, among other things, docketed the Cooperative's Application; directed the Cooperative to provide notice of the Application to customers; provided interested persons an opportunity to comment on the Application; directed the Commission Staff ("Staff") to file comments on the Application; and provided the Cooperative with an opportunity to respond to the Staff's comments or to any filed comments by interested persons.

On October 14, 2010, public comments regarding the Application were filed by Mr. Robert Vanderhye, Green kW Energy, Inc. ("Green kW Energy"), Red Barn Trading, and the Old Mill Power Company ("Old Mill Power"). In his comments, Mr. Vanderhye questioned the sufficiency of the Cooperative's disclosure of information associated with Rider GT. He stated:

> The Rider provides only that this information will be provided in the infrequent magazine published by the cooperative, and "upon request." Most people never read the magazine, and most people would not know to request the information. The source of the RECs and the source of the renewable energy itself should both be provided along with ANY AND ALL SOLICITATIONS associated with the program, and should also be provided on monthly bills. Only in this way will the information specified by the Legislature truly make its way into the hands of the customers.[2]

In its Comments, Green kW Energy stated that it believes the Application is inappropriate because it would give an unfair advantage over independent developers of renewable power projects and would discourage the development of such projects in Virginia.[3] Red Barn Trading requested in its comments that the Commission deny the Cooperative's Application because Rider GT "(i) is inconsistent with the Commission's previous rulings on what renewable energy is; (ii) is in conflict with federal consumer protection law regarding deceptive labeling; and (iii) is in conflict with federal anti-trust law protecting small merchants like us from unfair competition."[4] Old Mill Power argued in its comments that Rider GT (i) conflicts with federal consumer protection and federal anti-trust laws; (ii) is potentially deceptive to customers and thereby could divert sales of renewable energy and RECs from other vendors to the Cooperative; (iii) is not necessary for the Cooperative to conduct sales of RECs or renewable energy; (iv) is contrary to the public interest; (v) violates the Equal Protection Clause of the Fourteenth Amendment to the United States Constitution;[5] (vi) will not make renewable energy more available to customers or to the market generally; and (vii) is bad for Virginia's economy.[6]

On October 28, 2010, the Staff filed its report ("Staff Report") on Rider GT's consistency with § 56-577 A 6 of the Code and on Rider GT's technical soundness.[7] Staff suggested that the title of Rider GT, "100% RENEWABLE ELECTRIC SERVICE," could lead to confusion about the actual service being offered and suggested that the Cooperative rename the tariff "to '100% RENEWABLE ENERGY ATTRIBUTES ELECTRIC SERVICE,' 'ELECTRIC SERVICE BACKED 100% BY RENEWABLE ENERGY CERTIFICATES' or some other moniker that more clearly recognizes the role renewable energy certificates play under this service, as is described in the body of the proposed tariff."[8] Staff also stated that Rider GT's Availability and Applicability clause should be amended to the following:

> This Rider is available on a voluntary basis as a "companion rate" to any residential Customer who contracts with the Cooperative for the purchase and retirement of renewable energy attributes ("Renewable Energy") for all of the Customer's monthly consumption under an existing Cooperative Rate Schedule.[9]

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[2] Comments of Robert Vanderhye, Case No. PUE-2010-00066, Doc. Con. Cen. No. 101020222 (Oct. 14, 2010). (Typographical errors in original corrected. Emphasis in original.)

[3] Comments of Green kW Energy, Case No. PUE-2010-00066, Doc. Con. Cen. No. 101020222 (Oct. 14, 2010).

[4] Comments of Red Barn Trading, Case No. PUE-2010-00066, Doc. Con. Cen. No. 101020222 (Oct. 14, 2010) ("Red Barn Trading Comments").

[5] U.S. Const., amend. 14, § 1.

[6] Comments of Old Mill Power, Case No. PUE-2010-00066, Doc. Con. Cen. No. 101020232 (Oct. 14, 2010) ("Old Mill Power Comments").

[7] Staff Report, Case No. PUE-2010-00066, Doc. Con. Cen. No. 101050069 at 3 (Oct. 28, 2010) (amended by Memorandum, Case No. PUE-2010-00066, Doc. Con. Cen. No. 101110097 (Nov. 3, 2010)).

[8] *Id*. at 4.

[9] *Id.* at 5.

Staff's proposed amendment deletes from Rider GT's Availability and Applicability clause the sentence "[t]his Rider is available to residential class Customers immediately and available to any nonresidential class Customers on and after July 1, 2012."[10] According to Staff, this sentence may lead to confusion because "the proposed service would only be available to residential customers at this time and the Cooperative must make a filing after July 1, 2012, to provide this service to non-residential customers in accordance with § 56-577 A 6 of the Code."[11] Finally, Staff determined that the proposed pricing and disclosure provisions of the tariff are acceptable.[12]

On November 4, 2010, MEC filed its Rebuttal Comments of the Electric Cooperatives ("Rebuttal Comments").[13] In its Rebuttal Comments, MEC considered the Staff Report "properly and appropriately constrained to examination of the Applications and Riders under the terms of Va. Code § 56-577."[14] MEC agreed with Staff's recommended modification of Rider GT's Availability and Applicability clause but also suggested the addition of the word "class" so that the clause would read, "This Rider is available on a voluntary basis as a 'companion rate' to any *residential class* Customer. . .."[15] MEC acknowledged that, pursuant to § 56-577 A 6 of the Code, it will need to file an application for approval before offering a similar tariff to nonresidential class customers on or after July 1, 2012. MEC further stated that it disagreed with Staff's recommended title for the tariff. Instead, MEC suggested that Rider GT be renamed "TARIFF FOR ELECTRIC ENERGY PROVIDED 100 PERCENT FROM RENEWABLE ENERGY" and asserted that this proposed title is a reasonable compromise because it tracks the language of § 56-577 A 6.[16]

Addressing Red Barn Trading's objection to Rider GT being described as "100% renewable," MEC noted that § 56-577 A 6 of the Code allows such tariffs to be offered as renewable energy tariffs and that, accordingly, Rider GT is inapposite to tariffs considered by the Commission in Case Nos. PUE-2008-00057 and PUE-2008-00044.[17]

In response to Mr. Vanderhye, MEC argued that the Cooperative periodical has a high percentage of readership and that the disclosure information provided by the Cooperative through this publication is sufficient to satisfy the disclosure requirements of § 56-577 A.[18]

In response to Green kW Energy, MEC asserted that tariffs such as Rider GT would likely increase the incentive for future renewable energy projects at the wholesale level. The Cooperative stated that approval of Rider GT would not prevent Green kW Energy, as a competitor in the marketplace, from marketing its own RECs and renewable energy. According to MEC, approval of Rider GT could instead increase incentives for wholesale green energy products by creating more demand for RECs.[19]

In response to Old Mill Power, MEC stated that, although Rider GT does bundle undifferentiated energy and RECs together, it does not do so in a way that violates federal anti-trust laws. According to the Cooperative, "the Code is clear and unambiguous in that both the undifferentiated energy and the

[10] *Id*. at 4.

[11] *Id*. (emphasis in original).

[12] *Id.* at 5.

[13] Nine electric cooperatives filed Rebuttal Comments collectively in individual and substantively identical proceedings seeking Commission approval of tariffs filed pursuant to § 56-577 A 6 of the Code. The nine cooperatives and the corresponding case numbers of the renewable energy tariff proceedings are as follows: Mecklenburg Electric Cooperative (PUE-2010-00066), BARC Electric Cooperative (PUE-2010-00067), Shenandoah Valley Electric Cooperative (PUE-2010-00068), Prince George Electric Cooperative (PUE-2010-00069), Northern Virginia Electric Cooperative (PUE-2010-00071), Central Virginia Electric Cooperative (PUE-2010-00085), Northern Neck Electric Cooperative (PUE-2010-00086), A&N Electric Cooperative (PUE-2010-00088), and Southside Electric Cooperative (PUE-2010-00103).

[14] Rebuttal Comments of the Electric Cooperatives, Case No. PUE-2010-00066, Doc. Con. Cen. No. 101110147 at 2-3 (Nov. 4, 2010).

[15] *Id*. at 3-4 (emphasis in original).

[16] *Id*. at 4.

[17] *Id.* at 5. *See also Application of Appalachian Power Company, For Approval of its Renewable Power Rider*, Case No. PUE-2008-00057, 2008 S.C.C. Ann. Rept. 557, Order Approving Tariff (Dec. 8, 2008) (approving Renewable Power Rider but declaring it is not a 100% renewable energy tariff under § 56-577 A 5 of the Code) and *Application of Virginia Electric and Power Company, For Approval of its Renewable Energy Tariff*, Case No. PUE-2008-00044, 2008 S.C.C. Ann. Rept. 539, Order Approving Tariff (Dec. 8, 2008) (approving tariff but declaring it is not a 100% renewable energy tariff under § 56-577 A 5 of the Code).

[18] Rebuttal Comments at 6-7. Section 56-577 A 6 of the Code requires the following disclosure:

> A cooperative . . . shall disclose to its retail customers who express an interest in purchasing energy pursuant to such tariff (i) that the renewable energy is comprised of the retirement of renewable energy certificates, (ii) the identity of the entity providing the renewable energy certificates, and (iii) the sources of the renewable energy being offered.

[19] Rebuttal Comments at 7-8.

REC must be offered, together, for the tariff to be 'deemed to offer' the 100% renewable electric service described in Va. Code § 56-577.A.6."[20] MEC further stated that neither Rider GT nor the law restricts anyone from buying and selling RECs in the market on his or her own initiative.[21]

Addressing Old Mill Power's assertion that Rider GT is potentially deceptive to customers and in violation of federal consumer protection laws, MEC noted that § 56-577 A 6 of the Code specifically defines the product the Cooperative may offer and the disclosures which must accompany it. MEC stated that it has made the statutorily required disclosures and will continue to do so.[22] MEC further stated that Old Mill Power's "contention that the Cooperatives would knowingly deceive and mislead their member-owners is antithetical to the core principles that govern the member-owned utilities."[23] According to the Cooperative, Rider GT would not divert money invested in renewable energy away from other vendors and to electric cooperatives. Rather, MEC asserted that Rider GT would add choice to the marketplace and that the Cooperative would look to the broader market to supply the RECs needed to serve the rider. MEC further asserted that Rider GT would create a new demand for RECs and is in the public interest.[24]

Finally, MEC addressed equal protection concerns raised by Old Mill Power. According to the Cooperative, the interests of customers of investor-owned utilities and cooperative utilities are divergent for purposes of this proceeding. Accordingly, MEC argued that Rider GT, if approved, would not treat similarly situated customers differently so as to give rise to any discrimination or disparate treatment that would violate the Equal Protection Clause of the United States Constitution.[25] The Cooperative further asserted that issues raised by Old Mill Power are policy concerns that are more appropriately addressed by the General Assembly.[26]

NOW THE COMMISSION, upon consideration of this matter, approves Rider GT subject to the requirements set forth below. We note that § 56-577 A 6 of the Code provides, in relevant part, as follows:

> A tariff for one or more classes of residential customers filed with the Commission for approval by a cooperative on or after July 1, 2010, shall be deemed to offer a tariff for electric energy provided 100 percent from renewable energy if it provides undifferentiated electric energy and the cooperative retires a quantity of renewable energy certificates equal to 100 percent of the electric energy provided pursuant to such tariff. . .. A cooperative offering electric energy provided 100 percent from renewable energy pursuant to this subdivision that involves the retirement of renewable energy certificates shall disclose to its retail customers who express an interest in purchasing energy pursuant to such tariff (i) that the renewable energy is comprised of the retirement of renewable energy certificates, (ii) the identity of the entity providing the renewable energy certificates, and (iii) the sources of renewable energy being offered.

We find that Rider GT satisfies the requirements prescribed by § 56-577 A 6 of the Code. Further, we agree with Staff that the disclosure provisions contained in Rider GT are adequate.

Title of the Tariff

We agree that the Cooperative's original proposed title for Rider GT, "100% RENEWABLE ELECTRIC SERVICE," may generate confusion as to the actual service being offered under the tariff. Further, we do not find that the Cooperative's proposed name change, "TARIFF FOR ELECTRIC ENERGY PROVIDED 100 PERCENT FROM RENEWABLE ENERGY," adequately and clearly describes the service offered under Rider GT. Accordingly, we find that Staff's recommendation that the title of the tariff be changed to "100% RENEWABLE ENERGY ATTRIBUTES ELECTRIC SERVICE" or "ELECTRIC SERVICE BACKED 100% BY RENEWABLE ENERGY CERTIFICATES" should be adopted.

Availability and Applicability Clause

We note that § 56-577 A 6 provides as follows:

> A tariff for one or more classes of nonresidential customers filed with the Commission for approval by a cooperative on or after July 1, 2012, shall be deemed to offer a tariff for electric energy provided 100 percent from renewable energy if it provides undifferentiated electric energy and the cooperative retires a quantity of renewable energy certificates equal to 100 percent of the electric energy provided pursuant to such tariff.

We agree with Staff that the following sentence should be deleted from Rider GT's Availability and Applicability clause: "[t]his Rider is available to residential class Customers immediately and available to any nonresidential class Customers on and after July 1, 2012." A tariff for nonresidential customers filed pursuant to § 56-577 A 6 must be filed, according to the statute, on or after July 1, 2012. Accordingly, we find that the Cooperative's recommended modification of the Availability and Applicability clause should be adopted to clarify that Rider GT is available to residential class customers only.

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[20] *Id*. at 8, n.16.

[21] *Id*. at 8-9.

[22] *Id.* at 9-10.

[23] *Id.* at 10.

[24] *Id*. at 10-11.

[25] U.S. Const., amend. 14, § 1.

[26] Rebuttal Comments at 11-12.

Federal Law

Old Mill Power raised several concerns regarding federal statutory and constitutional law that it argues renders Rider GT unfit for approval. We find that such concerns raised by Old Mill Power do not prohibit approval of this rider, which we have found to be consistent with § 56-577 A 6 of the Code. As argued by MEC, we find that the Virginia statute is not prohibited by federal law.

Requests for Hearing

In its comments, Red Barn Trading reserved the right to participate in any hearings the Commission might set in this case.[27] Old Mill Power also suggested in its comments that a hearing might be helpful to resolve any disputes over the facts of the case.[28] We find the written record in this docket adequate for us to evaluate MEC's Application and Rider GT. The material facts in this case are not in dispute and, consequently, a hearing is not necessary for their determination.

Accordingly, IT IS HEREBY ORDERED THAT:

(1) MEC's Application is granted to the extent set forth in this Order Approving Tariff and is otherwise denied.

(2) Rider GT is approved subject to the requirements and conditions set forth in this Order Approving Tariff, effective for service to residential customers rendered on and after the date of this Order.

(3) MEC shall submit its revised Rider GT, incorporating the modifications set forth herein, to the Director of the Commission's Division of Energy Regulation within thirty (30) days of the date of this Order.

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

[27] Red Barn Trading Comments.

[28] Old Mill Power Comments at 18.

CASE NO. PUE-2010-00067
DECEMBER 17, 2010

APPLICATION OF
BARC ELECTRIC COOPERATIVE

For approval of a 100% Renewable Energy Tariff

ORDER APPROVING TARIFF

On June 30, 2010, BARC Electric Cooperative ("BARC" or the "Cooperative") filed an Application for approval of its proposed Rider R for 100% renewable electric service ("Rider R") with the Virginia State Corporation Commission ("Commission") pursuant to the General Assembly's recently enacted § 56-577 A 6 of the Code of Virginia ("Code").[1] The Code provides that a cooperative may make a tariff for electric energy provided 100% from renewable energy available to one or more classes of its residential customers if the cooperative provides undifferentiated electric energy, retires a quantity of renewable energy certificates ("RECs") equal to 100% of the electric energy provided pursuant to such tariff, and makes appropriate disclosures regarding the RECs. The Code further provides that a cooperative must "disclose to its retail customers who express an interest in purchasing energy pursuant to such tariff (i) that the renewable energy is comprised of the retirement of renewable energy certificates, (ii) the identity of the entity providing the renewable energy certificates, and (iii) the sources of renewable energy being offered."

According to BARC, Rider R would be available on a voluntary basis as a "companion rate" to any customer who contracts with the Cooperative for the purchase and retirement of RECs equal to all of the customer's monthly metered kilowatt hour ("kWh") consumption under an existing Cooperative Rate Schedule. BARC also stated that Rider R would be available to any residential class customers with a consumption charge immediately upon approval by the Commission and available to any nonresidential class customers on a similar basis on and after July 1, 2012.

BARC further stated that the customer may terminate billing under Rider R by giving the Cooperative at least thirty (30) days' prior notice. After receiving such notice, the Cooperative would terminate billing under Rider R effective with, or prior to, the customer's next meter read date. The Cooperative reserved the right to terminate Rider R or revise the pricing or minimum purchase amount after giving sixty (60) days' prior notice. According to the Cooperative, Rider R would not affect service taken by a customer under an existing applicable Rate Schedule.

[1] On August 27, 2010, in Case No. PUE-2010-00067, BARC filed a Motion for Leave to Withdraw Application (Doc. Con. Cen. No. 100870719) and a Motion for Leave to Amend Application (Doc. Con. Cen. No. 100870720) (collectively, "Motions") simultaneously with an Amended Application for Approval of 100% Renewable Tariff (Doc. Con. Cen. No. 100870723) ("Application"). In its Motions at pages 1-2, the Cooperative stated that "acting in an abundance of caution, it is prudent to seek leave to withdraw the Application and refile it so as to comply with the letter of the Act, which provides for approvals 'on or after July 1, 2010.'" The Application and attached Rider R are substantively identical to the Cooperative's Application and Rider R filed in this case on June 30, 2010 (Doc. Con. Cen. No. 100660126). The Commission's September 9, 2010 Order for Notice and Comment granted the Motions and accepted BARC's Application and attached Rider R filed on August 27, 2010, in lieu of its filing on June 30, 2010.

Renewable energy charges for the Cooperative's Rider R would be in addition to all other charges due under the Cooperative's Terms and Conditions and the Rate Schedule applicable to the customer's service. Under proposed Rider R, the Renewable Energy Rate ("R") would be equal to $0.015 per kWh. The customer's total bill, including R, would never be less than zero.

On September 9, 2010, the Commission entered its Order for Notice and Comment that, among other things, docketed the Cooperative's Application; directed the Cooperative to provide notice of the Application to customers; provided interested persons an opportunity to comment on the Application; directed the Commission Staff ("Staff") to file comments on the Application; and provided the Cooperative with an opportunity to respond to the Staff's comments or to any filed comments by interested persons.

On October 14, 2010, public comments regarding the Application were filed by Mr. Robert Vanderhye, Green kW Energy, Inc. ("Green kW Energy"), Red Barn Trading, and the Old Mill Power Company ("Old Mill Power"). In his comments, Mr. Vanderhye questioned the sufficiency of the Cooperative's disclosure of information associated with Rider R. He stated:

> The Rider provides only that this information will be provided in the infrequent magazine published by the cooperative, and "upon request." Most people never read the magazine, and most people would not know to request the information. The source of the RECs and the source of the renewable energy itself should both be provided along with ANY AND ALL SOLICITATIONS associated with the program, and should also be provided on monthly bills. Only in this way will the information specified by the Legislature truly make its way into the hands of the customers.[2]

In its Comments, Green kW Energy stated that it believes the Application is inappropriate because it would give an unfair advantage over independent developers of renewable power projects and would discourage the development of such projects in Virginia.[3] Red Barn Trading requested in its comments that the Commission deny the Cooperative's Application because Rider R "(i) is inconsistent with the Commission's previous rulings on what renewable energy is; (ii) is in conflict with federal consumer protection law regarding deceptive labeling; and (iii) is in conflict with federal anti-trust law protecting small merchants like us from unfair competition."[4] Old Mill Power argued in its comments that Rider R (i) conflicts with federal consumer protection and federal anti-trust laws; (ii) is potentially deceptive to customers and thereby could divert sales of renewable energy and RECs from other vendors to the Cooperative; (iii) is not necessary for the Cooperative to conduct sales of RECs or renewable energy; (iv) is contrary to the public interest; (v) violates the Equal Protection Clause of the Fourteenth Amendment to the United States Constitution;[5] (vi) will not make renewable energy more available to customers or to the market generally; and (vii) is bad for Virginia's economy.[6]

On October 28, 2010, the Staff filed its report ("Staff Report") on Rider R's consistency with § 56-577 A 6 of the Code and on Rider R's technical soundness.[7] Staff suggested that the title of Rider R, "100% RENEWABLE ELECTRIC SERVICE," could lead to confusion about the actual service being offered and suggested that the Cooperative rename the tariff "to '100% RENEWABLE ENERGY ATTRIBUTES ELECTRIC SERVICE,' 'ELECTRIC SERVICE BACKED 100% BY RENEWABLE ENERGY CERTIFICATES' or some other moniker that more clearly recognizes the role renewable energy certificates play under this service, as is described in the body of the proposed tariff."[8] Staff also stated that Rider R's Availability and Applicability clause should be amended to the following:

> This Rider is available on a voluntary basis as a "companion rate" to any residential Customer who contracts with the Cooperative for the purchase and retirement of renewable energy attributes ("Renewable Energy") for all of the Customer's monthly consumption under an existing Cooperative Rate Schedule.[9]

Staff's proposed amendment deletes from Rider R's Availability and Applicability clause the sentence "[t]his Rider is available to residential class Customers immediately and available to any nonresidential class Customers on and after July 1, 2012."[10] According to Staff, this sentence may lead to confusion because "the proposed service would only be available to residential customers at this time and the Cooperative must make a filing after July 1, 2012, to provide this service to non-residential customers in accordance with § 56-577 A 6 of the Code."[11] Finally, Staff determined that the proposed pricing and disclosure provisions of the tariff are acceptable.[12]

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[2] Comments of Robert Vanderhye, Case No. PUE-2010-00067, Doc. Con. Cen. No. 101020223 (Oct. 14, 2010). (Typographical errors in original corrected. Emphasis in original.)

[3] Comments of Green kW Energy, Case No. PUE-2010-00067, Doc. Con. Cen. No. 101020223 (Oct. 14, 2010).

[4] Comments of Red Barn Trading, Case No. PUE-2010-00067, Doc. Con. Cen. No. 101020223 (Oct. 14, 2010) ("Red Barn Trading Comments").

[5] U.S. Const., amend 14, § 1.

[6] Comments of Old Mill Power, Case No. PUE-2010-00067, Doc. Con. Cen. No. 101020233 (Oct. 14, 2010) ("Old Mill Power Comments").

[7] Staff Report, Case No. PUE-2010-00067, Doc. con Cen. No. 101050034 at 3 (Oct. 28, 2010) (amended by Memorandum, Case No. PUE-2010-00067, Doc. Con. Cen. No. 101110098 (Nov. 3, 2010)).

[8] *Id*. at 4.

[9] *Id.* at 5.

[10] *Id*. at 4.

[11] *Id*. (emphasis in original).

[12] *Id.* at 5.

On November 4, 2010, BARC filed its Rebuttal Comments of the Electric Cooperatives ("Rebuttal Comments").[13] In its Rebuttal Comments, BARC considered the Staff Report "properly and appropriately constrained to examination of the Applications and Riders under the terms of Va. Code § 56-577."[14] BARC agreed with Staff's recommended modification of Rider R's Availability and Applicability clause but also suggested the addition of the word "class" so that the clause would read, "This Rider is available on a voluntary basis as a 'companion rate' to any *residential class* Customer. . .."[15] BARC acknowledged that, pursuant to § 56-577 A 6 of the Code, it will need to file an application for approval before offering a similar tariff to nonresidential class customers on or after July 1, 2012. BARC further stated that it disagreed with Staff's recommended title for the tariff. Instead BARC suggested that Rider R be renamed "TARIFF FOR ELECTRIC ENERGY PROVIDED 100 PERCENT FROM RENEWABLE ENERGY" and asserted that this proposed title is a reasonable compromise because it tracks the language of § 56-577 A 6.[16]

Addressing Red Barn Trading's objection to Rider R being described as "100% renewable," BARC noted that § 56-577 A 6 of the Code allows such tariffs to be offered as renewable energy tariffs and that, accordingly, Rider R is inapposite to tariffs considered by the Commission in Case Nos. PUE-2008-00057 and PUE-2008-00044.[17]

In response to Mr. Vanderhye, BARC argued that the Cooperative periodical has a high percentage of readership and that the disclosure information provided by the Cooperative through this publication is sufficient to satisfy the disclosure requirements of § 56-577 A.[18]

In response to Green kW Energy, BARC asserted that tariffs such as Rider R would likely increase the incentive for future renewable energy projects at the wholesale level. The Cooperative stated that approval of Rider R would not prevent Green kW Energy, as a competitor in the marketplace, from marketing its own RECs and renewable energy. According to BARC, approval of Rider R could instead increase incentives for wholesale green energy products by creating more demand for RECs.[19]

In response to Old Mill Power, BARC stated that, although Rider R does bundle undifferentiated energy and RECs together, it does not do so in a way that violates federal anti-trust laws. According to the Cooperative, "the Code is clear and unambiguous in that both the undifferentiated energy and the REC must be offered, together, for the tariff to be 'deemed to offer' the 100% renewable electric service described in Va. Code § 56-577.A.6."[20] BARC further stated that neither Rider R nor the law restricts anyone from buying and selling RECs in the market on his or her own initiative.[21]

Addressing Old Mill Power's assertion that Rider R is potentially deceptive to customers and in violation of federal consumer protection laws, BARC noted that § 56-577 A 6 of the Code specifically defines the product the Cooperative may offer and the disclosures which must accompany it. BARC stated that it has made the statutorily required disclosures and will continue to do so.[22] BARC further stated that Old Mill Power's "contention that the Cooperatives would knowingly deceive and mislead their member-owners is antithetical to the core principles that govern the member-owned utilities."[23]

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[13] Nine electric cooperatives filed Rebuttal Comments collectively in individual and substantively identical proceedings seeking Commission approval of tariffs filed pursuant to § 56-577 A 6 of the Code. The nine cooperatives and the corresponding case numbers of the renewable energy tariff proceedings are as follows: Mecklenburg Electric Cooperative (PUE-2010-00066), BARC Electric Cooperative (PUE-2010-00067), Shenandoah Valley Electric Cooperative (PUE-2010-00068), Prince George Electric Cooperative (PUE-2010-00069), Northern Virginia Electric Cooperative (PUE-2010-00071), Central Virginia Electric Cooperative (PUE-2010-00085), Northern Neck Electric Cooperative (PUE-2010-00086), A&N Electric Cooperative (PUE-2010-00088), and Southside Electric Cooperative (PUE-2010-00103).

[14] Rebuttal Comments of the Electric Cooperatives, Case No. PUE-2010-00067, Doc. Con. Cen. No. 101110148 at 2-3 (Nov. 4, 2010).

[15] *Id*. at 3-4 (emphasis in original).

[16] *Id*. at 4.

[17] *Id*. at 5. *See also Application of Appalachian Power Company, For Approval of its Renewable Power Rider*, Case No. PUE-2008-00057, 2008 S.C.C. Ann. Rept. 557, Order Approving Tariff (Dec. 8, 2008) (approving Renewable Power Rider but declaring it is not a 100% renewable energy tariff under § 56-577 A 5 of the Code) and *Application of Virginia Electric and Power Company, For Approval of its Renewable Energy Tariff*, Case No. PUE-2008-00044, 2008 S.C.C. Ann. Rept. 539, Order Approving Tariff (Dec. 8, 2008) (approving tariff but declaring it is not a 100% renewable energy tariff under § 56-577 A 5 of the Code).

[18] Rebuttal Comments at 6-7. Section 56-577 A 6 of the Code requires the following disclosure:

> A cooperative . . . shall disclose to its retail customers who express an interest in purchasing energy pursuant to such tariff (i) that the renewable energy is comprised of the retirement of renewable energy certificates, (ii) the identity of the entity providing the renewable energy certificates, and (iii) the sources of the renewable energy being offered.

[19] Rebuttal Comments at 7-8.

[20] *Id*. at 8, n.16.

[21] *Id*. at 8-9.

[22] *Id*. at 9-10.

[23] *Id.* at 10.

According to the Cooperative, Rider R would not divert money invested in renewable energy away from other vendors and to electric cooperatives. Rather, BARC asserted that Rider R would add choice to the marketplace and that the Cooperative would look to the broader market to supply the RECs needed to serve the rider. BARC further asserted that Rider R would create a new demand for RECs and is in the public interest.[24]

Finally, BARC addressed equal protection concerns raised by Old Mill Power. According to the Cooperative, the interests of customers of investor-owned utilities and cooperative utilities are divergent for purposes of this proceeding. Accordingly, BARC argued that Rider R, if approved, would not treat similarly situated customers differently so as to give rise to any discrimination or disparate treatment that would violate the Equal Protection Clause of the United States Constitution.[25] The Cooperative further asserted that issues raised by Old Mill Power are policy concerns that are more appropriately addressed by the General Assembly.[26]

NOW THE COMMISSION, upon consideration of this matter, approves Rider R subject to the requirements set forth below. We note that § 56-577 A 6 of the Code provides, in relevant part, as follows:

> A tariff for one or more classes of residential customers filed with the Commission for approval by a cooperative on or after July 1, 2010, shall be deemed to offer a tariff for electric energy provided 100 percent from renewable energy if it provides undifferentiated electric energy and the cooperative retires a quantity of renewable energy certificates equal to 100 percent of the electric energy provided pursuant to such tariff. . .. A cooperative offering electric energy provided 100 percent from renewable energy pursuant to this subdivision that involves the retirement of renewable energy certificates shall disclose to its retail customers who express an interest in purchasing energy pursuant to such tariff (i) that the renewable energy is comprised of the retirement of renewable energy certificates, (ii) the identity of the entity providing the renewable energy certificates, and (iii) the sources of renewable energy being offered.

We find that Rider R satisfies the requirements prescribed by § 56-577 A 6 of the Code. Further, we agree with Staff that the disclosure provisions contained in Rider R are adequate.

Title of the Tariff

We agree that the Cooperative's original proposed title for Rider R, "100% RENEWABLE ELECTRIC SERVICE," may generate confusion as to the actual service being offered under the tariff. Further, we do not find that the Cooperative's proposed name change, "TARIFF FOR ELECTRIC ENERGY PROVIDED 100 PERCENT FROM RENEWABLE ENERGY," adequately and clearly describes the service offered under Rider R. Accordingly, we find that Staff's recommendation that the title of the tariff be changed to "100% RENEWABLE ENERGY ATTRIBUTES ELECTRIC SERVICE" or "ELECTRIC SERVICE BACKED 100% BY RENEWABLE ENERGY CERTIFICATES" should be adopted.

Availability and Applicability Clause

We note that § 56-577 A 6 provides as follows:

> A tariff for one or more classes of nonresidential customers filed with the Commission for approval by a cooperative on or after July 1, 2012, shall be deemed to offer a tariff for electric energy provided 100 percent from renewable energy if it provides undifferentiated electric energy and the cooperative retires a quantity of renewable energy certificates equal to 100 percent of the electric energy provided pursuant to such tariff.

We agree with Staff that the following sentence should be deleted from Rider R's Availability and Applicability clause: "[t]his Rider is available to residential class Customers immediately and available to any nonresidential class Customers on and after July 1, 2012." A tariff for nonresidential customers filed pursuant to § 56-577 A 6 must be filed, according to the statute, on or after July 1, 2012. Accordingly, we find that the Cooperative's recommended modification of the Availability and Applicability clause should be adopted to clarify that Rider R is available to residential class customers only.

Federal Law

Old Mill Power raised several concerns regarding federal statutory and constitutional law that it argues renders Rider R unfit for approval. We find that such concerns raised by Old Mill Power do not prohibit approval of this rider, which we have found to be consistent with § 56-577 A 6 of the Code. As argued by BARC, we find that the Virginia statute is not prohibited by federal law.

Requests for Hearing

In its comments, Red Barn Trading reserved the right to participate in any hearings the Commission might set in this case.[27] Old Mill Power also suggested in its comments that a hearing might be helpful to resolve any disputes over the facts of the case.[28] We find the written record in this docket adequate for us to evaluate BARC's Application and Rider R. The material facts in this case are not in dispute and, consequently, a hearing is not necessary for their determination.

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[24] *Id*. at 10-11.

[25] U.S. Const., amend. 14, § 1.

[26] Rebuttal Comments at 11-12.

[27] Red Barn Trading Comments.

[28] Old Mill Power Comments at 18.

Accordingly, IT IS HEREBY ORDERED THAT:

(1) BARC's Application is granted to the extent set forth in this Order Approving Tariff and is otherwise denied.

(2) Rider R is approved subject to the requirements and conditions set forth in this Order Approving Tariff, effective for service to residential customers rendered on and after the date of this Order.

(3) BARC shall submit its revised Rider R, incorporating the modifications set forth herein, to the Director of the Commission's Division of Energy Regulation within thirty (30) days of the date of this Order.

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

CASE NO. PUE-2010-00068
DECEMBER 17, 2010

APPLICATION OF
SHENANDOAH VALLEY ELECTRIC COOPERATIVE

For approval of a 100% Renewable Energy Tariff

ORDER APPROVING TARIFF

On June 30, 2010, Shenandoah Valley Electric Cooperative ("SVEC" or the "Cooperative") filed an Application for approval of its proposed Rider R for 100% renewable electric service ("Rider R") with the Virginia State Corporation Commission ("Commission") pursuant to the General Assembly's recently enacted § 56-577 A 6 of the Code of Virginia ("Code").[1] The Code provides that a cooperative may make a tariff for electric energy provided 100% from renewable energy available to one or more classes of its residential customers if the cooperative provides undifferentiated electric energy, retires a quantity of renewable energy certificates ("RECs") equal to 100% of the electric energy provided pursuant to such tariff, and makes appropriate disclosures regarding the RECs. The Code further provides that a cooperative must "disclose to its retail customers who express an interest in purchasing energy pursuant to such tariff (i) that the renewable energy is comprised of the retirement of renewable energy certificates, (ii) the identity of the entity providing the renewable energy certificates, and (iii) the sources of renewable energy being offered."

According to SVEC, Rider R would be available on a voluntary basis as a "companion rate" to any customer who contracts with the Cooperative for the purchase and retirement of RECs equal to all of the customer's monthly metered kilowatt hour ("kWh") consumption under an existing Cooperative Rate Schedule. SVEC also stated that Rider R would be available to any residential class customers with a consumption charge immediately upon approval by the Commission and available to any nonresidential class customers on a similar basis on and after July 1, 2012.

SVEC further stated that the customer may terminate billing under Rider R by giving the Cooperative at least thirty (30) days' prior notice. After receiving such notice, the Cooperative would terminate billing under Rider R effective with, or prior to, the customer's next meter read date. The Cooperative reserved the right to terminate Rider R or revise the pricing or minimum purchase amount after giving sixty (60) days' prior notice. According to the Cooperative, Rider R would not affect service taken by a customer under an existing applicable Rate Schedule.

Renewable energy charges for the Cooperative's Rider R would be in addition to all other charges due under the Cooperative's Terms and Conditions and the Rate Schedule applicable to the customer's service. Under proposed Rider R, the Renewable Energy Rate ("R") would be equal to $0.015 per kWh. The customer's total bill, including R, would never be less than zero.

On September 9, 2010, the Commission entered its Order for Notice and Comment that, among other things, docketed the Cooperative's Application; directed the Cooperative to provide notice of the Application to customers; provided interested persons an opportunity to comment on the Application; directed the Commission Staff ("Staff") to file comments on the Application; and provided the Cooperative with an opportunity to respond to the Staff's comments or to any filed comments by interested persons.

On October 14, 2010, public comments regarding the Application were filed by Mr. Robert Vanderhye, Green kW Energy, Inc. ("Green kW Energy"), Red Barn Trading, and the Old Mill Power Company ("Old Mill Power"). In his comments, Mr. Vanderhye questioned the sufficiency of the Cooperative's disclosure of information associated with Rider R. He stated:

> The Rider provides only that this information will be provided in the infrequent magazine published by the cooperative, and "upon request." Most people never read the magazine, and most people would not know to request the information. The source of the RECs and the source of the renewable energy itself should both be provided along with ANY AND ALL SOLICITATIONS associated with the program, and should also be

[1] On August 27, 2010, in Case No. PUE-2010-00068, SVEC filed a Motion for Leave to Withdraw Application (Doc. Con. Cen. No. 100870724) and a Motion for Leave to Amend Application (Doc. Con. Cen. No. 100870725) (collectively, "Motions") simultaneously with an Amended Application for Approval of 100% Renewable Tariff (Doc. Con. Cen. No. 100870726) ("Application"). In its Motions at pages 1-2, the Cooperative stated that "acting in an abundance of caution, it is prudent to seek leave to withdraw the Application and refile it so as to comply with the letter of the Act, which provides for approvals 'on or after July 1, 2010.'" The Application and attached Rider R are substantively identical to the Cooperative's Application and Rider R filed in this case on June 30, 2010 (Doc. Con. Cen. No. 100660127). The Commission's September 9, 2010 Order for Notice and Comment granted the Motions and accepted SVEC's Application and attached Rider R filed on August 27, 2010, in lieu of its filing on June 30, 2010.

> provided on monthly bills. Only in this way will the information specified by the Legislature truly make its way into the hands of the customers.[2]

In its Comments, Green kW Energy stated that it believes the Application is inappropriate because it would give an unfair advantage over independent developers of renewable power projects and would discourage the development of such projects in Virginia.[3] Red Barn Trading requested in its comments that the Commission deny the Cooperative's Application because Rider R "(i) is inconsistent with the Commission's previous rulings on what renewable energy is; (ii) is in conflict with federal consumer protection law regarding deceptive labeling; and (iii) is in conflict with federal anti-trust law protecting small merchants like us from unfair competition."[4] Old Mill Power argued in its comments that Rider R (i) conflicts with federal consumer protection and federal anti-trust laws; (ii) is potentially deceptive to customers and thereby could divert sales of renewable energy and RECs from other vendors to the Cooperative; (iii) is not necessary for the Cooperative to conduct sales of RECs or renewable energy; (iv) is contrary to the public interest; (v) violates the Equal Protection Clause of the Fourteenth Amendment to the United States Constitution;[5] (vi) will not make renewable energy more available to customers or to the market generally; and (vii) is bad for Virginia's economy.[6]

On October 28, 2010, the Staff filed its report ("Staff Report") on Rider R's consistency with § 56-577 A 6 of the Code and on Rider R's technical soundness.[7] Staff suggested that the title of Rider R, "100% RENEWABLE ELECTRIC SERVICE," could lead to confusion about the actual service being offered and suggested that the Cooperative rename the tariff "to '100% RENEWABLE ENERGY ATTRIBUTES ELECTRIC SERVICE,' 'ELECTRIC SERVICE BACKED 100% BY RENEWABLE ENERGY CERTIFICATES' or some other moniker that more clearly recognizes the role renewable energy certificates play under this service, as is described in the body of the proposed tariff."[8] Staff also stated that Rider R's Availability and Applicability clause should be amended to the following:

> This Rider is available on a voluntary basis as a "companion rate" to any residential Customer who contracts with the Cooperative for the purchase and retirement of renewable energy attributes ("Renewable Energy") for all of the Customer's monthly consumption under an existing Cooperative Rate Schedule.[9]

Staff's proposed amendment deletes from Rider R's Availability and Applicability clause the sentence "[t]his Rider is available to residential class Customers immediately and available to any nonresidential class Customers on and after July 1, 2012."[10] According to Staff, this sentence may lead to confusion because "the proposed service would only be available to residential customers at this time and the Cooperative must make a filing after July 1, 2012, to provide this service to non-residential customers in accordance with § 56-577 A 6 of the Code."[11] Finally, Staff determined that the proposed pricing and disclosure provisions of the tariff are acceptable.[12]

On November 4, 2010, SVEC filed its Rebuttal Comments of the Electric Cooperatives ("Rebuttal Comments").[13] In its Rebuttal Comments, SVEC considered the Staff Report "properly and appropriately constrained to examination of the Applications and Riders under the terms of Va. Code § 56-577."[14] SVEC agreed with Staff's recommended modification of Rider R's Availability and Applicability clause but also suggested the addition of the word "class" so that the clause would read, "This Rider is available on a voluntary basis as a 'companion rate' to any *residential class* Customer. . .."[15] SVEC

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[2] Comments of Robert Vanderhye, Case No. PUE-2010-00068, Doc. Con. Cen. No. 101020224 (Oct. 14, 2010). (Typographical errors in original corrected. Emphasis in original.)

[3] Comments of Green kW Energy, Case No. PUE-2010-00068, Doc. Con. Cen. No. 101020224 (Oct. 14, 2010).

[4] Comments of Red Barn Trading, Case No. PUE-2010-00068, Doc. Con. Cen. No. 101020224 (Oct. 14, 2010) ("Red Barn Trading Comments").

[5] U.S. Const., amend. 14, § 1.

[6] Comments of Old Mill Power, Case NO. PUE-2010-00068, Doc. Con. Cen. No. 101020234 (Oct. 14, 2010) ("Old Mill Power Comments").

[7] Staff Report, Case No. PUE-2010-00068, Doc. Con. Cen. No. 101050035 at 3 (Oct. 28, 2010) (amended by Memorandum, Case No. PUE-2010-00068, Doc. Con. Cen. No. 101110099 (Nov. 3, 2010)).

[8] *Id*. at 4.

[9] *Id.* at 5.

[10] *Id*. at 4.

[11] *Id*. (emphasis in original).

[12] *Id.* at 5.

[13] Nine electric cooperatives filed Rebuttal Comments collectively in individual and substantively identical proceedings seeking Commission approval of tariffs filed pursuant to § 56-577 A 6 of the Code. The nine cooperatives and the corresponding case numbers of the renewable energy tariff proceedings are as follows: Mecklenburg Electric Cooperative (PUE-2010-00066), BARC Electric Cooperative (PUE-2010-00067), Shenandoah Valley Electric Cooperative (PUE-2010-00068), Prince George Electric Cooperative (PUE-2010-00069), Northern Virginia Electric Cooperative (PUE-2010-00071), Central Virginia Electric Cooperative (PUE-2010-00085), Northern Neck Electric Cooperative (PUE-2010-00086), A&N Electric Cooperative (PUE-2010-00088), and Southside Electric Cooperative (PUE-2010-00103).

[14] Rebuttal Comments of the Electric Cooperatives, Case No. PUE-2010-00068, Doc. Con. Cen. No. 101110149 at 2-3 (Nov. 4, 2010).

[15] *Id*. at 3-4 (emphasis in original).

acknowledged that, pursuant to § 56-577 A 6 of the Code, it will need to file an application for approval before offering a similar tariff to nonresidential class customers on or after July 1, 2012. SVEC further stated that it disagreed with Staff's recommended title for the tariff. Instead, SVEC suggested that Rider R be renamed "TARIFF FOR ELECTRIC ENERGY PROVIDED 100 PERCENT FROM RENEWABLE ENERGY" and asserted that this proposed title is a reasonable compromise because it tracks the language of § 56-577 A 6.[16]

Addressing Red Barn Trading's objection to Rider R being described as "100% renewable," SVEC noted that § 56-577 A 6 of the Code allows such tariffs to be offered as renewable energy tariffs and that, accordingly, Rider R is inapposite to tariffs considered by the Commission in Case Nos. PUE-2008-00057 and PUE-2008-00044.[17]

In response to Mr. Vanderhye, SVEC argued that the Cooperative periodical has a high percentage of readership and that the disclosure information provided by the Cooperative through this publication is sufficient to satisfy the disclosure requirements of § 56-577 A.[18]

In response to Green kW Energy, SVEC asserted that tariffs such as Rider R would likely increase the incentive for future renewable energy projects at the wholesale level. The Cooperative stated that approval of Rider R would not prevent Green kW Energy, as a competitor in the marketplace, from marketing its own RECs and renewable energy. According to SVEC, approval of Rider R could instead increase incentives for wholesale green energy products by creating more demand for RECs.[19]

In response to Old Mill Power, SVEC stated that, although Rider R does bundle undifferentiated energy and RECs together, it does not do so in a way that violates federal anti-trust laws. According to the Cooperative, "the Code is clear and unambiguous in that both the undifferentiated energy and the REC must be offered, together, for the tariff to be 'deemed to offer' the 100% renewable electric service described in Va. Code § 56-577.A.6."[20] SVEC further stated that neither Rider R nor the law restricts anyone from buying and selling RECs in the market on his or her own initiative.[21]

Addressing Old Mill Power's assertion that Rider R is potentially deceptive to customers and in violation of federal consumer protection laws, SVEC noted that § 56-577 A 6 of the Code specifically defines the product the Cooperative may offer and the disclosures which must accompany it. SVEC stated that it has made the statutorily required disclosures and will continue to do so.[22] SVEC further stated that Old Mill Power's "contention that the Cooperatives would knowingly deceive and mislead their member-owners is antithetical to the core principles that govern the member-owned utilities."[23] According to the Cooperative, Rider R would not divert money invested in renewable energy away from other vendors and to electric cooperatives. Rather, SVEC asserted that Rider R would add choice to the marketplace and that the Cooperative would look to the broader market to supply the RECs needed to serve the rider. SVEC further asserted that Rider R would create a new demand for RECs and is in the public interest.[24]

Finally, SVEC addressed equal protection concerns raised by Old Mill Power. According to the Cooperative, the interests of customers of investor-owned utilities and cooperative utilities are divergent for purposes of this proceeding. Accordingly, SVEC argued that Rider R, if approved, would not treat similarly situated customers differently so as to give rise to any discrimination or disparate treatment that would violate the Equal Protection Clause of the United States Constitution.[25] The Cooperative further asserted that issues raised by Old Mill Power are policy concerns that are more appropriately addressed by the General Assembly.[26]

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[16] *Id*. at 4.

[17] *Id.* at 5. *See also Application of Appalachian Power Company, For Approval of its Renewable Power Rider*, Case No. PUE-2008-00057, 2008 S.C.C. Ann. Rept. 557, Order Approving Tariff (Dec. 8, 2008) (approving Renewable Power Rider but declaring it is not a 100% renewable energy tariff under § 56-577 A 5 of the Code) and *Application of Virginia Electric and Power Company, For Approval of its Renewable Energy Tariff*, Case No. PUE-2008-00044, 2008 S.C.C. Ann. Rept. 539, Order Approving Tariff (Dec. 8, 2008) (approving tariff but declaring it is not a 100% renewable energy tariff under § 56-577 A 5 of the Code).

[18] Rebuttal Comments at 6-7. Section 56-577 A 6 of the Code requires the following disclosure:

> A cooperative . . . shall disclose to its retail customers who express an interest in purchasing energy pursuant to such tariff (i) that the renewable energy is comprised of the retirement of renewable energy certificates, (ii) the identity of the entity providing the renewable energy certificates, and (iii) the sources of the renewable energy being offered.

[19] Rebuttal Comments at 7-8.

[20] *Id*. at 8, n.16.

[21] *Id*. at 8-9.

[22] *Id*. at 9-10.

[23] *Id.* at 10.

[24] *Id.* at 10-11.

[25] U.S. Const., amend. 14, § 1.

[26] Rebuttal Comments at 11-12.

NOW THE COMMISSION, upon consideration of this matter, approves Rider R subject to the requirements set forth below. We note that § 56-577 A 6 of the Code provides, in relevant part, as follows:

> A tariff for one or more classes of residential customers filed with the Commission for approval by a cooperative on or after July 1, 2010, shall be deemed to offer a tariff for electric energy provided 100 percent from renewable energy if it provides undifferentiated electric energy and the cooperative retires a quantity of renewable energy certificates equal to 100 percent of the electric energy provided pursuant to such tariff. . .. A cooperative offering electric energy provided 100 percent from renewable energy pursuant to this subdivision that involves the retirement of renewable energy certificates shall disclose to its retail customers who express an interest in purchasing energy pursuant to such tariff (i) that the renewable energy is comprised of the retirement of renewable energy certificates, (ii) the identity of the entity providing the renewable energy certificates, and (iii) the sources of renewable energy being offered.

We find that Rider R satisfies the requirements prescribed by § 56-577 A 6 of the Code. Further, we agree with Staff that the disclosure provisions contained in Rider R are adequate.

Title of the Tariff

We agree that the Cooperative's original proposed title for Rider R, "100% RENEWABLE ELECTRIC SERVICE," may generate confusion as to the actual service being offered under the tariff. Further, we do not find that the Cooperative's proposed name change, "TARIFF FOR ELECTRIC ENERGY PROVIDED 100 PERCENT FROM RENEWABLE ENERGY," adequately and clearly describes the service offered under Rider R. Accordingly, we find that Staff's recommendation that the title of the tariff be changed to "100% RENEWABLE ENERGY ATTRIBUTES ELECTRIC SERVICE" or "ELECTRIC SERVICE BACKED 100% BY RENEWABLE ENERGY CERTIFICATES" should be adopted.

Availability and Applicability Clause

We note that § 56-577 A 6 provides as follows:

> A tariff for one or more classes of nonresidential customers filed with the Commission for approval by a cooperative on or after July 1, 2012, shall be deemed to offer a tariff for electric energy provided 100 percent from renewable energy if it provides undifferentiated electric energy and the cooperative retires a quantity of renewable energy certificates equal to 100 percent of the electric energy provided pursuant to such tariff.

We agree with Staff that the following sentence should be deleted from Rider R's Availability and Applicability clause: "[t]his Rider is available to residential class Customers immediately and available to any nonresidential class Customers on and after July 1, 2012." A tariff for nonresidential customers filed pursuant to § 56-577 A 6 must be filed, according to the statute, on or after July 1, 2012. Accordingly, we find that the Cooperative's recommended modification of the Availability and Applicability clause should be adopted to clarify that Rider R is available to residential class customers only.

Federal Law

Old Mill Power raised several concerns regarding federal statutory and constitutional law that it argues renders Rider R unfit for approval. We find that such concerns raised by Old Mill Power do not prohibit approval of this rider, which we have found to be consistent with § 56-577 A 6 of the Code. As argued by SVEC, we find that the Virginia statute is not prohibited by federal law.

Requests for Hearing

In its comments, Red Barn Trading reserved the right to participate in any hearings the Commission might set in this case.[27] Old Mill Power also suggested in its comments that a hearing might be helpful to resolve any disputes over the facts of the case.[28] We find the written record in this docket adequate for us to evaluate SVEC's Application and Rider R. The material facts in this case are not in dispute and, consequently, a hearing is not necessary for their determination.

Accordingly, IT IS HEREBY ORDERED THAT:

(1) SVEC's Application is granted to the extent set forth in this Order Approving Tariff and is otherwise denied.

(2) Rider R is approved subject to the requirements and conditions set forth in this Order Approving Tariff, effective for service to residential customers rendered on and after the date of this Order.

(3) SVEC shall submit its revised Rider R, incorporating the modifications set forth herein, to the Director of the Commission's Division of Energy Regulation within thirty (30) days of the date of this Order.

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

[27] Red Barn Trading Comments.

[28] Old Mill Power Comments at 18.

CASE NO. PUE-2010-00069
DECEMBER 17, 2010

APPLICATION OF
PRINCE GEORGE ELECTRIC COOPERATIVE

For approval of a 100% Renewable Energy Tariff

ORDER APPROVING TARIFF

On June 30, 2010, Prince George Electric Cooperative ("Prince George" or the "Cooperative") filed an Application for approval of its proposed Rider R for 100% renewable electric service ("Rider R") with the Virginia State Corporation Commission ("Commission") pursuant to the General Assembly's recently enacted § 56-577 A 6 of the Code of Virginia ("Code").[1] The Code provides that a cooperative may make a tariff for electric energy provided 100% from renewable energy available to one or more classes of its residential customers if the cooperative provides undifferentiated electric energy, retires a quantity of renewable energy certificates ("RECs") equal to 100% of the electric energy provided pursuant to such tariff, and makes appropriate disclosures regarding the RECs. The Code further provides that a cooperative must "disclose to its retail customers who express an interest in purchasing energy pursuant to such tariff (i) that the renewable energy is comprised of the retirement of renewable energy certificates, (ii) the identity of the entity providing the renewable energy certificates, and (iii) the sources of renewable energy being offered."

According to Prince George, Rider R would be available on a voluntary basis as a "companion rate" to any customer who contracts with the Cooperative for the purchase and retirement of RECs equal to all of the customer's monthly metered kilowatt hour ("kWh") consumption under an existing Cooperative Rate Schedule. Prince George also stated that Rider R would be available to any residential class customers with a consumption charge immediately upon approval by the Commission and available to any nonresidential class customers on a similar basis on and after July 1, 2012.

Prince George further stated that the customer may terminate billing under Rider R by giving the Cooperative at least thirty (30) days' prior notice. After receiving such notice, the Cooperative would terminate billing under Rider R effective with, or prior to, the customer's next meter read date. The Cooperative reserved the right to terminate Rider R or revise the pricing or minimum purchase amount after giving sixty (60) days' prior notice. According to the Cooperative, Rider R would not affect service taken by a customer under an existing applicable Rate Schedule.

Renewable energy charges for the Cooperative's Rider R would be in addition to all other charges due under the Cooperative's Terms and Conditions and the Rate Schedule applicable to the customer's service. Under proposed Rider R, the Renewable Energy Rate ("R") would be equal to $0.015 per kWh. The customer's total bill, including R, would never be less than zero.

On September 9, 2010, the Commission entered its Order for Notice and Comment that, among other things, docketed the Cooperative's Application; directed the Cooperative to provide notice of the Application to customers; provided interested persons an opportunity to comment on the Application; directed the Commission Staff ("Staff") to file comments on the Application; and provided the Cooperative with an opportunity to respond to the Staff's comments or to any filed comments by interested persons.

On October 14, 2010, public comments regarding the Application were filed by Mr. Robert Vanderhye, Green kW Energy, Inc. ("Green kW Energy"), Red Barn Trading, and the Old Mill Power Company ("Old Mill Power"). In his comments, Mr. Vanderhye questioned the sufficiency of the Cooperative's disclosure of information associated with Rider R. He stated:

> The Rider provides only that this information will be provided in the infrequent magazine published by the cooperative, and "upon request." Most people never read the magazine, and most people would not know to request the information. The source of the RECs and the source of the renewable energy itself should both be provided along with ANY AND ALL SOLICITATIONS associated with the program, and should also be provided on monthly bills. Only in this way will the information specified by the Legislature truly make its way into the hands of the customers.[2]

In its Comments, Green kW Energy stated that it believes the Application is inappropriate because it would give an unfair advantage over independent developers of renewable power projects and would discourage the development of such projects in Virginia.[3] Red Barn Trading requested in its comments that the Commission deny the Cooperative's Application because Rider R "(i) is inconsistent with the Commission's previous rulings on what renewable energy is; (ii) is in conflict with federal consumer protection law regarding deceptive labeling; and (iii) is in conflict with federal anti-trust law protecting small merchants like us from unfair competition."[4] Old Mill Power argued in its comments that Rider R (i) conflicts with federal consumer protection and federal anti-trust laws; (ii) is potentially deceptive to customers and thereby could divert sales of renewable energy and RECs from other vendors to the Cooperative; (iii) is not necessary for the Cooperative to conduct sales of RECs or renewable energy; (iv) is contrary to the public interest; (v) violates the

[1] On August 27, 2010, in Case No. PUE-2010-00069, Prince George filed a Motion for Leave to Withdraw Application (Doc. Con. Cen. No. 100870730) and a Motion for Leave to Amend Application (Doc. Con. Cen. No. 100870731) (collectively, "Motions") simultaneously with an Amended Application for Approval of 100% Renewable Tariff (Doc. Con. Cen. No. 100870732) ("Application"). In its Motions at pages 1-2, the Cooperative stated that "acting in an abundance of caution, it is prudent to seek leave to withdraw the Application and refile it so as to comply with the letter of the Act, which provides for approvals 'on or after July 1, 2010.'" The Application and attached Rider R are substantively identical to the Cooperative's Application and Rider R filed in this case on June 30, 2010 (Doc. Con. Cen. No. 100660128). The Commission's September 9, 2010 Order for Notice and Comment granted the Motions and accepted Prince George's Application and attached Rider R filed on August 27, 2010, in lieu of its filing on June 30, 2010.

[2] Comments of Robert Vanderhye, Case No. PUE-2010-00069, Doc. Con. Cen. No. 101020225 (Oct. 14, 2010). (Typographical errors in original corrected. Emphasis in original.)

[3] Comments of Green kW Energy, Case No. PUE-2010-00069, Doc. Con. Cen. No. 101020225 (Oct. 14, 2010).

[4] Comments of Red Barn Trading, Case No. PUE-2010-00069, Doc. Con. Cen. No. 101020225 (Oct. 14, 2010) ("Red Barn Trading Comments").

Equal Protection Clause of the Fourteenth Amendment to the United States Constitution;[5] (vi) will not make renewable energy more available to customers or to the market generally; and (vii) is bad for Virginia's economy.[6]

On October 28, 2010, the Staff filed its report ("Staff Report") on Rider R's consistency with § 56-577 A 6 of the Code and on Rider R's technical soundness.[7] Staff suggested that the title of Rider R, "100% RENEWABLE ELECTRIC SERVICE," could lead to confusion about the actual service being offered and suggested that the Cooperative rename the tariff "to '100% RENEWABLE ENERGY ATTRIBUTES ELECTRIC SERVICE,' 'ELECTRIC SERVICE BACKED 100% BY RENEWABLE ENERGY CERTIFICATES' or some other moniker that more clearly recognizes the role renewable energy certificates play under this service, as is described in the body of the proposed tariff."[8] Staff also stated that Rider R's Availability and Applicability clause should be amended to the following:

> This Rider is available on a voluntary basis as a "companion rate" to any residential Customer who contracts with the Cooperative for the purchase and retirement of renewable energy attributes ("Renewable Energy") for all of the Customer's monthly consumption under an existing Cooperative Rate Schedule.[9]

Staff's proposed amendment deletes from Rider R's Availability and Applicability clause the sentence "[t]his Rider is available to residential class Customers immediately and available to any nonresidential class Customers on and after July 1, 2012."[10] According to Staff, this sentence may lead to confusion because "the proposed service would only be available to residential customers at this time and the Cooperative must make a filing after July 1, 2012, to provide this service to non-residential customers in accordance with § 56-577 A 6 of the Code."[11] Finally, Staff determined that the proposed pricing and disclosure provisions of the tariff are acceptable.[12]

On November 4, 2010, Prince George filed its Rebuttal Comments of the Electric Cooperatives ("Rebuttal Comments").[13] In its Rebuttal Comments, Prince George considered the Staff Report "properly and appropriately constrained to examination of the Applications and Riders under the terms of Va. Code § 56-577."[14] Prince George agreed with Staff's recommended modification of Rider R's Availability and Applicability clause but also suggested the addition of the word "class" so that the clause would read, "This Rider is available on a voluntary basis as a 'companion rate' to any *residential class* Customer. . .."[15] Prince George acknowledged that, pursuant to § 56-577 A 6 of the Code, it will need to file an application for approval before offering a similar tariff to nonresidential class customers on or after July 1, 2012. Prince George further stated that it disagreed with Staff's recommended title for the tariff. Instead, Prince George suggested that Rider R be renamed "TARIFF FOR ELECTRIC ENERGY PROVIDED 100 PERCENT FROM RENEWABLE ENERGY" and asserted that this proposed title is a reasonable compromise because it tracks the language of § 56-577 A 6.[16]

Addressing Red Barn Trading's objection to Rider R being described as "100% renewable," Prince George noted that § 56-577 A 6 of the Code allows such tariffs to be offered as renewable energy tariffs and that, accordingly, Rider R is inapposite to tariffs considered by the Commission in Case Nos. PUE-2008-00057 and PUE-2008-00044.[17]

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[5] U.S. Const., amend. 14, § 1.

[6] Comments of Old Mill Power, Case No. PUE-2010-00069, Doc. Con. Cen. No. 101020235 (Oct. 14, 2010) ("Old Mill Power Comments").

[7] Staff Report, Case No. PUE-2010-00069, Doc. Con. Cen. No. 101050028 at 3 (Oct. 28, 2010) (amended by Memorandum, Case No. PUE-2010-00069, Doc. Con. Cen. No. 101110100 (Nov. 3, 2010)).

[8] *Id*. at 4.

[9] *Id.* at 5.

[10] *Id*. at 4.

[11] *Id*. (emphasis in original).

[12] *Id.* at 5.

[13] Nine electric cooperatives filed Rebuttal Comments collectively in individual and substantively identical proceedings seeking Commission approval of tariffs filed pursuant to § 56-577 A 6 of the Code. The nine cooperatives and the corresponding case numbers of the renewable energy tariff proceedings are as follows: Mecklenburg Electric Cooperative (PUE-2010-00066), BARC Electric Cooperative (PUE-2010-00067), Shenandoah Valley Electric Cooperative (PUE-2010-00068), Prince George Electric Cooperative (PUE-2010-00069), Northern Virginia Electric Cooperative (PUE-2010-00071), Central Virginia Electric Cooperative (PUE-2010-00085), Northern Neck Electric Cooperative (PUE-2010-00086), A&N Electric Cooperative (PUE-2010-00088), and Southside Electric Cooperative (PUE-2010-00103).

[14] Rebuttal Comments of the Electric Cooperatives, Case No. PUE-2010-00069, Doc. Con. Cen. No. 101110150 at 2-3 (Nov. 4, 2010).

[15] *Id*. at 3-4 (emphasis in original).

[16] *Id*. at 4.

[17] *Id.* at 5. *See also Application of Appalachian Power Company, For Approval of its Renewable Power Rider*, Case No. PUE-2008-00057, 2008 S.C.C. Ann. Rept. 557, Order Approving Tariff (Dec. 8, 2008) (approving Renewable Power Rider but declaring it is not a 100% renewable energy tariff under § 56-577 A 5 of the Code) and *Application of Virginia Electric and Power Company, For Approval of its Renewable Energy Tariff*, Case No. PUE-2008-00044, 2008 S.C.C. Ann. Rept. 539, Order Approving Tariff (Dec. 8, 2008) (approving tariff but declaring it is not a 100% renewable energy tariff under § 56-577 A 5 of the Code).

In response to Mr. Vanderhye, Prince George argued that the Cooperative periodical has a high percentage of readership and that the disclosure information provided by the Cooperative through this publication is sufficient to satisfy the disclosure requirements of § 56-577 A.[18]

In response to Green kW Energy, Prince George asserted that tariffs such as Rider R would likely increase the incentive for future renewable energy projects at the wholesale level. The Cooperative stated that approval of Rider R would not prevent Green kW Energy, as a competitor in the marketplace, from marketing its own RECs and renewable energy. According to Prince George, approval of Rider R could instead increase incentives for wholesale green energy products by creating more demand for RECs.[19]

In response to Old Mill Power, Prince George stated that, although Rider R does bundle undifferentiated energy and RECs together, it does not do so in a way that violates federal anti-trust laws. According to the Cooperative, "the Code is clear and unambiguous in that both the undifferentiated energy and the REC must be offered, together, for the tariff to be 'deemed to offer' the 100% renewable electric service described in Va. Code § 56-577.A.6."[20] Prince George further stated that neither Rider R nor the law restricts anyone from buying and selling RECs in the market on his or her own initiative.[21]

Addressing Old Mill Power's assertion that Rider R is potentially deceptive to customers and in violation of federal consumer protection laws, Prince George noted that § 56-577 A 6 of the Code specifically defines the product the Cooperative may offer and the disclosures which must accompany it. Prince George stated that it has made the statutorily required disclosures and will continue to do so.[22] Prince George further stated that Old Mill Power's "contention that the Cooperatives would knowingly deceive and mislead their member-owners is antithetical to the core principles that govern the member-owned utilities."[23] According to the Cooperative, Rider R would not divert money invested in renewable energy away from other vendors and to electric cooperatives. Rather, Prince George asserted that Rider R would add choice to the marketplace and that the Cooperative would look to the broader market to supply the RECs needed to serve the rider. Prince George further asserted that Rider R would create a new demand for RECs and is in the public interest.[24]

Finally, Prince George addressed equal protection concerns raised by Old Mill Power. According to the Cooperative, the interests of customers of investor-owned utilities and cooperative utilities are divergent for purposes of this proceeding. Accordingly, Prince George argued that Rider R, if approved, would not treat similarly situated customers differently so as to give rise to any discrimination or disparate treatment that would violate the Equal Protection Clause of the United States Constitution.[25] The Cooperative further asserted that issues raised by Old Mill Power are policy concerns that are more appropriately addressed by the General Assembly.[26]

NOW THE COMMISSION, upon consideration of this matter, approves Rider R subject to the requirements set forth below. We note that § 56-577 A 6 of the Code provides, in relevant part, as follows:

> A tariff for one or more classes of residential customers filed with the Commission for approval by a cooperative on or after July 1, 2010, shall be deemed to offer a tariff for electric energy provided 100 percent from renewable energy if it provides undifferentiated electric energy and the cooperative retires a quantity of renewable energy certificates equal to 100 percent of the electric energy provided pursuant to such tariff. . .. A cooperative offering electric energy provided 100 percent from renewable energy pursuant to this subdivision that involves the retirement of renewable energy certificates shall disclose to its retail customers who express an interest in purchasing energy pursuant to such tariff (i) that the renewable energy is comprised of the retirement of renewable energy certificates, (ii) the identity of the entity providing the renewable energy certificates, and (iii) the sources of renewable energy being offered.

We find that Rider R satisfies the requirements prescribed by § 56-577 A 6 of the Code. Further, we agree with Staff that the disclosure provisions contained in Rider R are adequate.

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[18] Rebuttal Comments at 6-7. Section 56-577 A 6 of the Code requires the following disclosure:

> A cooperative . . . shall disclose to its retail customers who express an interest in purchasing energy pursuant to such tariff (i) that the renewable energy is comprised of the retirement of renewable energy certificates, (ii) the identity of the entity providing the renewable energy certificates, and (iii) the sources of the renewable energy being offered.

[19] Rebuttal Comments at 7-8.

[20] *Id*. at 8, n.16.

[21] *Id*. at 8-9.

[22] *Id.* at 9-10.

[23] *Id.* at 10.

[24] *Id*. at 10-11.

[25] U.S. Const., amend. 14, § 1.

[26] Rebuttal Comments at 11-12.

Title of the Tariff

We agree that the Cooperative's original proposed title for Rider R, "100% RENEWABLE ELECTRIC SERVICE," may generate confusion as to the actual service being offered under the tariff. Further, we do not find that the Cooperative's proposed name change, "TARIFF FOR ELECTRIC ENERGY PROVIDED 100 PERCENT FROM RENEWABLE ENERGY," adequately and clearly describes the service offered under Rider R. Accordingly, we find that Staff's recommendation that the title of the tariff be changed to "100% RENEWABLE ENERGY ATTRIBUTES ELECTRIC SERVICE" or "ELECTRIC SERVICE BACKED 100% BY RENEWABLE ENERGY CERTIFICATES" should be adopted.

Availability and Applicability Clause

We note that § 56-577 A 6 provides as follows:

> A tariff for one or more classes of nonresidential customers filed with the Commission for approval by a cooperative on or after July 1, 2012, shall be deemed to offer a tariff for electric energy provided 100 percent from renewable energy if it provides undifferentiated electric energy and the cooperative retires a quantity of renewable energy certificates equal to 100 percent of the electric energy provided pursuant to such tariff.

We agree with Staff that the following sentence should be deleted from Rider R's Availability and Applicability clause: "[t]his Rider is available to residential class Customers immediately and available to any nonresidential class Customers on and after July 1, 2012." A tariff for nonresidential customers filed pursuant to § 56-577 A 6 must be filed, according to the statute, on or after July 1, 2012. Accordingly, we find that the Cooperative's recommended modification of the Availability and Applicability clause should be adopted to clarify that Rider R is available to residential class customers only.

Federal Law

Old Mill Power raised several concerns regarding federal statutory and constitutional law that it argues renders Rider R unfit for approval. We find that such concerns raised by Old Mill Power do not prohibit approval of this rider, which we have found to be consistent with § 56-577 A 6 of the Code. As argued by Prince George, we find that the Virginia statute is not prohibited by federal law.

Requests for Hearing

In its comments, Red Barn Trading reserved the right to participate in any hearings the Commission might set in this case.[27] Old Mill Power also suggested in its comments that a hearing might be helpful to resolve any disputes over the facts of the case.[28] We find the written record in this docket adequate for us to evaluate Prince George's Application and Rider R. The material facts in this case are not in dispute and, consequently, a hearing is not necessary for their determination.

Accordingly, IT IS HEREBY ORDERED THAT:

(1) Prince George's Application is granted to the extent set forth in this Order Approving Tariff and is otherwise denied.

(2) Rider R is approved subject to the requirements and conditions set forth in this Order Approving Tariff, effective for service to residential customers rendered on and after the date of this Order.

(3) Prince George shall submit its revised Rider R, incorporating the modifications set forth herein, to the Director of the Commission's Division of Energy Regulation within thirty (30) days of the date of this Order.

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

[27] Red Barn Trading Comments.

[28] Old Mill Power Comments at 18.

CASE NO. PUE-2010-00070
JULY 8, 2010

APPLICATION OF
VIRGINIA NATURAL GAS, INC.
and
AGL SERVICES COMPANY

For approval of a revised services agreement under Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING INTERIM EXTENSION OF EXISTING AUTHORITY

On July 2, 2010, Virginia Natural Gas, Inc. ("VNG" or "Company") and AGL Services Company ("AGL Services") (hereinafter, the "Movants"), filed the Motion of Virginia Natural Gas, Inc. and AGL Services Company for Interim Extension of Existing Approval ("Motion") with the State Corporation Commission ("Commission"). On the same day, VNG and AGL Services delivered an Application for approval of a revised services agreement ("Third Revised Services Agreement") under Chapter 4 of Title 56 of the Code of Virginia ("Application") to the Commission.

In their Motion, the Movants requested that the Commission extend on an interim basis the approval for its Second Revised Services Agreement,[1] *i.e.*, Agreement #3, provided by the Commission's July 8, 2005 Order Denying Petition for Clarification and Granting Approval entered in Case No. PUE-2005-00025[2] until such time as the Commission can act on the Third Revised Services Agreement referenced in the Application delivered to the Commission contemporaneously with the Motion. According to the Motion, Ordering Paragraph (3) of the Order Granting Approval provided that any "subsequent operation under Agreement #3 shall require further Commission approval" pursuant to the Affiliates Act. The Movants explained that they were in the process of revising the terms and conditions of the Second Revised Services Agreement and intend to enter into the new Third Revised Services Agreement, if such agreement is approved by the Commission. The Movants therefore requested that the Commission extend on an interim basis the five-year term for the approval of the Second Revised Services Agreement provided for in the Order Granting Approval until such time as the Movants' July 2, 2010 Application is acted upon by the Commission. The Movants represented that they were authorized to state that counsel for the Commission Staff did not object to the relief sought by the Motion.

NOW THE COMMISSION, upon consideration of the Motion and the applicable statutes, is of the opinion and finds that the captioned matter should be docketed and assigned Case No. PUE-2010-00070; and that VNG and AGL Services should be granted an interim extension of authority for the Second Revised Services Agreement as prescribed in Ordering Paragraph (3) of the July 8, 2005 Order Granting Approval until such time as the Movants' July 2, 2010 Application is acted upon by the Commission.

Accordingly, IT IS ORDERED THAT:

(1) The captioned matter is hereby docketed and assigned Case No. PUE-2010-00070.

(2) The July 2, 2010 request for an extension of the authority for the Second Revised Services Agreement (Agreement #3) as prescribed in Ordering Paragraph (3) of the July 8, 2005 Order Granting Approval is hereby granted until such time as the Movants' July 2, 2010 Application is acted upon by the Commission.

(3) This case is continued pending further order of the Commission.

[1] The Second Revised Services Agreement is a service company agreement wherein VNG agrees to purchase from AGL Services certain centralized services at actual cost.

[2] *See Application of Virginia Natural Gas, Inc., and AGL Services Company, For approval of a revised services agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2005-00025, 2005 S.C.C. Ann. Rept. 424, Order Denying Petition for Clarification and Granting Approval (July 8, 2005) (hereinafter "Order Granting Approval").

CASE NO. PUE-2010-00070
SEPTEMBER 30, 2010

APPLICATION OF
VIRGINIA NATURAL GAS, INC.
and
AGL SERVICES COMPANY

For approval of a revised services agreement under Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On July 2, 20 10, Virginia Natural Gas, Inc. ("VNG"), and AGL Services Company ("AGSC") (collectively "Applicants"), filed an application ("Application") with the State Corporation Commission ("Commission") requesting all approvals necessary under Chapter 4 of Title 56 ("Affiliates Act") of the Code of Virginia ("Code") to implement a Third Revised Services Agreement by which AGSC will provide certain administrative, management and other centralized shared services ("Centralized Services") to VNG. The Commission approved previous versions of this agreement in Case Nos. PUE-2005-00025[1] and PUA-2000-00060.[2]

On the same day, the Applicants filed a motion for interim extension of the current VNG-AGSC services agreement ("PUE-2005-00025 Agreement"), until such time as the Commission acted on the Application. On July 8, 2010, the Commission issued an Order Granting Interim Extension of Existing Authority ("Interim Order"), which docketed the Application and permitted VNG to receive services under the existing agreement until such time as the captioned Application was acted upon by the Commission.

On August 31, 2010, the Applicants filed a modified agreement[3] that included some minor changes intended to clarify the description of services provided by AGSC to VNG. Specifically, the changes included: (a) moving "records management" services from Section 15(iv), Business Support-Other,

[1] *Application of Virginia Natural Gas, Inc., and AGL Services Company, For approval of a revised services agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2005-00025, 2005 S.C.C. Ann. Rept. 424, Order Denying Petition for Clarification and Granting Approval (July 8, 2005); recons. granted, 2005 S.C.C. Ann. Rept. 428, Order Granting Reconsideration and Suspending Prior Order (July 28, 2005); 2005 S.C.C. Ann. Rept. 428, Order on Reconsideration (Nov. 1, 2005) (hereafter collectively referred to as "PUE-2005-00025 Order").

[2] Application of Virginia Natural Gas, Inc., and A GL Services Company, For approval of a Services Agreement, Case No. PUA-2000-00060, 2000 S.C.C. Ann. Rept. 222, Order Granting Approval (Sept. 25, 2000).

[3] The July 2, 20 10 agreement together with the August 31, 201 0 modifications is hereafter referred to as the "New Agreement."

to Section 6, Legal Services and Risk Management, and deleting the Business Support-Other service sub-category ; (b) moving Section 11, Investor Relations, to Section 8, Financial Services, and deleting the Investor Relations service category; and (c) clarifying Section 11, Customer Services, to include multiple departments.[4]

VNG is a Virginia public service corporation that provides natural gas local distribution service to approximately 273,000 residential, commercial, and industrial customers located primarily in the Hampton Roads area of southeastern Virginia, including the communities of Norfolk, Virginia Beach, Chesapeake, Suffolk, Hampton, Newport News, Williamsburg, and Hanover County. VNG is a wholly owned subsidiary of AGL Resources Inc. ("AGLR").

AGSC is a service company organized to provide certain centralized shared services to AGLR and its affiliates, including VNG. AGSC is a wholly owned subsidiary of AGLR.

AGLR, which is headquartered in Atlanta, Georgia, is an energy services holding company whose principal business is the distribution of natural gas in six states Florida, Georgia, Maryland, New Jersey, Tennessee, and Virginia. AGLR's six utilities serve approximately 2.3 million end-use customers. AGLR also operates several related businesses including retail natural gas marketing to end-use customers primarily in Georgia; natural gas asset management and related logistics activities for both the AGLR utilities and non-affiliated companies; natural gas storage arbitrage and related activities; and the development and operation of high-deliverability natural gas storage assets. AGLR also owns and operates a small telecommunications business.

Since VNG and AGSC share the same senior parent company, AGLR, the companies are considered affiliated interests under § 56-76 of the Code. As such, VNG must obtain approval from the Commission pursuant to the Affiliates Act prior to entering into any contract or arrangement between the companies to furnish or receive services; purchase, sell, lease, or exchange any property, right, or thing; or purchase or sell treasury bonds or treasury capital stock.

The Applicants represent that AGLR has no public utility subsidiaries, *i.e.*, electric utilities, as defined by the Public Utility Holding Company Act of 2005, Pub. L. No. 109-58, §§ 1261-77, 119 Stat. 594, 972-78 (2005) ("PUHCA 2005"), and its natural gas local distribution subsidiaries are not natural gas companies as defined under Sections 1(b) or 1(c) of the Natural Gas Act (15 U.S.C. § 717 (b), (c)) because they do not engage in the transmission of natural gas in interstate commerce. Therefore, the Applicants represent that AGLR is an exempt holding company as defined in 18 C.F.R. § 366.3 (b)(2)(vi), which exempts AGLR and AGSC from the books, records, and reporting requirements imposed by the Federal Energy Regulatory Commission ("FERC") on holding companies and affiliated service companies under PUHCA 2005.[5]

Centralized Services

Exhibit I to the New Agreement lists seventeen (17) categories of Centralized Services available to VNG. Exhibit I also includes a "Description of Services" paragraph, which states in part that: "a description of each of the services performed by AGSC, which may be modified from time to time, is presented below." The Centralized Services service categories include: (i) Rates and Regulatory; (ii) Internal Auditing; (iii) Strategic Planning; (iv) External Relations; (v) Gas Supply, Capacity Planning and Capacity Management; (vi) Legal Services and Risk Management; (vii) Marketing; (viii) Financial Services; (ix) Information Systems; (x) Executive; (xi) Customer Services; (xii) Employee Services; (xiii) Engineering; (xiv) Business Support; (xv) Corporate Communications; (xvi) Corporate Compliance and Corporate Secretary; and (xvii) Other. The Applicants represent that, with certain exceptions, VNG has the option of obtaining the Centralized Services listed above from AGSC via the New Agreement or from non-affiliated suppliers.

Section III of the New Agreement states that AGSC may provide Centralized Services to VNG by utilizing the services of such executives, accountants, financial advisers, technical advisers, attorneys, engineers and other persons as have the necessary qualifications. In addition, the New Agreement permits AGSC to engage directly or act as administrative agent to arrange for and monitor the services of unaffiliated experts, consultants, attorneys, and other parties providing services to VNG.

Direct, Assigned, and Allocated Charges

Under the existing services agreement, AGSC charges VNG for Centralized Services costs in three ways: (i) direct charges; (ii) directly assigned charges; and (iii) allocated charges. The Applicants have provided documentation showing the amount of direct, assigned, and allocated Centralized Services charges to VNG from 2005 through 2009. During this period, AGSC directly charged and assigned approximately 24% ($26 million/$108 million) of its total Centralized Services charges to VNG.[6] AGSC's primary allocation basis is the Composite Ratio, which is defined as the composite average of the number of full-time equivalent employees, total assets, operating expenses, and operating margin ratios. AGSC utilizes the Composite Ratio for approximately 35% ($38 million/$108 million) of its total Centralized Services charges to VNG.[7] In the Application, the Applicants represent that: "Allocations based on a general allocator should be limited to five percent (5%) of total charges if at all possible."[8] The Applicants represent that the Composite Ratio is not a general allocator because it gives weight to more than one factor.[9]

[4] The cover letter for the August 31, 2010 modified New Agreement filing referred to the Customer Services service category as Section 12. In the modified New Agreement, the Customer Services category has been renumbered as Section 11. Also, the Applicants represent that the third change in the modified New Agreement, the clarification of the Customer Services category to include multiple departments, was achieved by removing the word "department" and replacing it with "related" in the service category description to indicate that more than one department provides call center functions.

[5] See Applicants' Response dated August 13, 2010, to Staff Data Request No. 15 dated July 30, 2010.

[6] See Applicants' Response dated July 26, 2010, to Staff Data Request No. 4 dated July 12, 2010.

[7] See Applicants' Response dated August 13, 2010, to Staff Data Request No. 19 dated July 30, 2010.

[8] See Exhibit A of the Application, "Transaction Summary-Affiliate Transactions," Page 4 of 11, Question B (7).

[9] See Applicants' Response dated July 26, 2010, to Staff Data Request No. 6 dated July 12, 2010.

Definition of Cost

Section IV of the New Agreement states that AGSC will provide the Centralized Services to VNG at cost. The PUE-2005-00025 Agreement defines the components of cost as: (a) costs directly charged to VNG through specifically created O&M projects, unique business identifiers and through standard rates and drivers; (b) payroll costs directly assigned to VNG designated for individual affiliates; and (c) indirect costs such as overhead and administrative and general costs and taxes, which are allocated based on causal drivers.[10] In the Application, among other changes to the PUE-2005-00025 Agreement, the Applicants are proposing to add two new components to the definition of cost in the New Agreement: (i) a cost of capital component ("Cost Component D"); and (ii) a cost of capital projects assignable to VNG component ("Cost Component E")

Cost Component D

The proposed language for Cost Component D is:

> Cost of services performed includes a cost of capital component. AGSC cost of capital is based on net plant investment multiplied by the grossed-up weighted average cost of capital (WACC). Net plant equals plant less accumulated depreciation and accumulated defer-red income taxes related to plant. The grossed-up WACC equals the cost of capital authorized by the applicable state regulatory authority adjusted to equal a pre-tax revenue requirement factor. For non-regulated affiliates, the WACC will be based on the actual cost of debt for AGLR and an estimated cost of equity.[11]

The Applicants acknowledge that the PUE-2005-00025 Agreement did not explicitly define the level of allocated cost of capital.[12] They also state that the cost of capital previously allocated to VNG consisted of its share of the money pool interest income or expense incurred by and recorded on the books and records of AGSC. The Applicants represent that money pool interest is based on a short-term debt rate that is not indicative of the cost of financing the assets of AGSC. They state that AGSC has no long-term debt and does not maintain a meaningful common equity balance for the determination of the cost of capital.

The Applicants are proposing to change the allocated cost of capital charged to VNG from money pool interest to the regulated cost of capital for VNG. The Applicants state that AGSC will use VNG's approved cost of capital from Case No. PUE-1996-00227.[13] This cost of capital rate will be grossed-up for the revenue conversion factor to yield a pre-tax revenue requirement factor of 11.15%.[14] The Applicants state that this cost of capital rate will be applied to VNG's portion of AGSC's net plant investment to compute the cost of capital charge.[15] The Applicants propose to use this cost of capital rate until a new cost of capital rate is authorized in VNG's next base rate case.

AGSC states that it will also charge a cost of capital to other, non-regulated AGLR affiliates. The cost of capital rate will be based on AGLR's consolidated capital structure, AGLR's consolidated short-term and long-term debt rates, and the estimated earned return on equity for AGLR, updated annually.

Cost Component E

The Applicants also propose to add "a cost of capital projects assignable to VNG" component, *i.e.*, Cost Component E, to the definition of cost in the New Agreement. The proposed language for Cost Component E is:

> AGSC also assigns the cost of capital projects that are attributable to affiliates. Cost of these projects includes costs directly incurred by AGSC and the overheads incurred by AGSC in the completion of capital projects that are assignable to multiple AGLR system companies. Amount (*sic*) assigned to individual AGLR System Companies are based on the specific characteristics of each project. Generally these projects are managed by information systems. From time to time other functional areas may manage certain capital projects that benefit multiple AGLR System Companies.[16]

The Applicants represent that the capital project assets ("capital assets") that AGSC assigns benefit a specific subset of AGLR affiliates.[17] Historically, most of the assignments have been information system assets. Capital assets benefiting all affiliates are not assigned and remain at AGSC.

[10] See Exhibit I of PUE-2005-00025 Agreement, "Cost of Services Performed" at 4.

[11] See Exhibit I of New Agreement, "Cost of Services Performed" at 4.

[12] See Applicants' Response dated July 26, 2010, to Staff Data Request No. 7 dated July 12, 2010.

[13] Application of Virginia Natural Gas, Inc., For an expedited increase in gas rates, Case No. PUE-1996-00227, 1998 S.C.C. Ann. Rept. 338, Final Order (April 27, 1998). In this case, the approved capital structure was that of Consolidated Natural Gas, Inc. ("CNG"), VNG's parent at that time, and rates were established using a CNG capital structure with a return on equity of 10.90%.

[14] See Applicants' Response dated July 26, 2010, to Staff Data Request No. 9 dated July 12, 2010.

[15] See Applicants' Response dated September 17, 2010, to Staff Data Request No. 29 dated September 7, 2010. The proposed Cost Component D language in the New Agreement does not specify that the cost of capital will be calculated based on VNG's portion of AGSC's net plant.

[16] See Exhibit I of New Agreement, "Cost of Services Performed" at 4-5.

[17] See Applicants' Response dated August 26, 2010, to Staff Data Request No. 20 dated August 12, 2010.

The Applicants state that, during construction, AGSC retains legal title to the capital asset and accounts for it on its books.[18] Once placed in service, AGSC transfers the capital asset to VNG and other AGLR affiliates as soon as reasonably possible. The transfer is booked as a debit to plant in service and a credit to the AGLR inter-company money pool payable. The money pool balance is paid when VNG performs its periodic recapitalization to synchronize its authorized capital structure.

The Applicants state that the capital assets currently assigned and transferred to VNG from AGSC are used by both VNG and AGSC employees.[19] The Applicants represent that the general methodology for assigning the capital asset is the number of end-use customers for each affiliate that benefit from the use of the capital asset.[20] In rare cases, AGSC can directly identify the costs that are attributable to a specific affiliate. If a capital asset solely benefits VNG, AGSC assigns 100% of the asset cost to VNG. Once the capital asset is assigned, the affiliate records the related depreciation and property tax expense to its books as with any other capital asset. Since the affiliates receiving the assigned capital asset benefit from its use, the Applicants represent there is no reason for AGSC to retain any portion of the capital asset.

The Applicants represent that the assigned amount of the capital asset may not remain permanent.[21] The assigned amount may change because of a change in the level of service received or due to a change in the number of affiliates receiving service. For example, the customer management application asset, which was initially assigned in 2006, was re-assigned in 2007 to reflect the allocation of a portion of the capital asset to AGLR's NUI Corporation affiliates.[22]

The Applicants acknowledge that, as with Cost Component D, the PUE-2005-00025 Agreement does not explicitly discuss the cost of capital projects that benefit and are allocated to multiple affiliates.[23] However, the Applicants believe that the "Cost of Services Performed" section of the PUE-2005-00025 Agreement, which describes the method of accumulation of the costs of capital projects, permits these transactions.[24]

Motion to Modify Services Agreement

On September 28, 2010, the Applicants filed a "Motion to Modify Revised Services Agreement under Chapter 4 of Title 56 of the Code of Virginia" ("Motion"). The Applicants filed the Motion in response to the draft recommendations ("Recommendations") on the Application provided by the Commission Staff ("Staff") to the Applicants on September 22, 2010. In the Motion, among other things, the Applicants agree with Staff Recommendations One (1) through Four (4). In response to Staff Recommendation Five (5), the Applicants propose to withdraw the language in the New Agreement pertaining to Cost Component D.

With respect to Staff Recommendation Six (6), the Applicants agree with the section stating that, for previously assigned assets, the Applicants should be required to reassess the asset assignment amounts annually to ensure that the amounts assigned to VNG remain equitable. The Applicants also accept the requirement that VNG should supply documentation supporting the reasonableness of its asset assignment methodology as part of its application in its next rate proceeding.

In addition, the Applicants agree that, on a prospective basis, AGSC will only assign to VNG capital assets that are used by VNG and/or AGSC employees solely for VNG's benefit. The Applicants further agree that, on a prospective basis, all capital assets will remain on AGSC's books, and AGSC will bill VNG for its use of such assets through the AGSC Centralized Services bill. Moreover, the Applicants represent that AGSC will not push down or assign any assets to VNG until further order of the Commission. Accordingly, the Applicants propose the following modified language be adopted as Cost Component E:

> AGSC also assigns the cost of capital projects that are attributable to individual affiliates. Cost of these projects includes costs directly incurred by AGSC and the overheads incurred by AGSC in the completion of capital projects that are solely attributable to one AGLR System company. Generally these projects are managed by information systems. From time to time other functional areas may manage certain capital projects that benefit an AGLR System Company.

Staff Response to Motion and Applicants' Reply

On September 28, 201 0, Staff filed a "Response of the Staff of the State Corporation Commission" ("Response") to the Applicants' Motion. In its Response, among other things, Staff states that it does not take issue with the Applicants' proposed modifications to the New Agreement. Staff also reserves its right, in the event VNG intends to raise issues regarding the affiliate arrangement in any other proceeding, to revisit the issues raised by the Application, develop further evidence, and make additional or different recommendations in response to evidence developed in that record.

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[18] See Applicants' Response dated August 26, 20 10, to Staff Data Request No. 21 dated August 12, 2010.

[19] See Applicants' Response dated August 26, 2010, to Staff Data Request No. 24 dated August 12, 2010

[20] See Applicants' Response dated August 26, 2010, to Staff Data Request No. 25 dated August 12, 2010.

[21] See Applicants' Response dated August 26, 201 0, to Staff Data Request No. 26 dated August 12, 2010.

[22] AGLR's acquisition of NUI Corporation and of control over NUI Corporation's wholly owned subsidiaries operating in Virginia was approved by the Commission in 2004. See Joint Petition and Application of AGL Resources Inc. and NUI Corporation, For approval of a change in control through merger under Chapter 5 of Title 56 of the Code of Virginia, request for expedited consideration, and for such other relief as may be necessary under the law, Case No. PUE-2004-00097, 2004 S.C.C. Ann. Rept. 512, Final Order (Oct. 29, 2004).

[23] See Applicants' Response dated July 26, 2010, to Staff Data Request No. 7 dated July 12, 2010.

[24] See Applicants' Response dated August 26, 2010, to Staff Data Request No. 28 dated August 12, 2010.

On September 29, 2010, the Applicants filed their "Reply to the Response of the Staff of the State Corporation Commission," confirming that the Applicants have not made any decision regarding the filing of future modifications in any proceeding but stating that they do not object to Staff's clarification concerning revisiting issues, developing evidence, and making recommendations in response to evidence developed in the records of future proceedings.

NOW THE COMMISSION, upon consideration of the Application, the representations of the Applicants, including the Motion of the Applicants on the Staff's recommendations and responsive pleadings thereto, and the applicable statutes, is of the opinion and finds that the captioned Application appears reasonable if it is subject to the requirements and conditions set forth below.

The use of centralized service companies by energy holding companies to provide corporate and administrative services to their regulated and non-regulated affiliates is an established practice in the United States. The Applicants represent that the New Agreement will permit AGSC to provide VNG with high quality, cost-effective Centralized Services while generating corporate-wide efficiencies by, among other things, reducing the duplication of personnel and facilities across AGLR's system. They further represent that VNG is not staffed to operate as a stand-alone company and has received Centralized Services from AGSC since 2000. Based on these factors, a continuation of the VNG-AGSC relationship seems reasonable subject to the limitations and requirements set forth below, which we find necessary to protect the public interest.

Commission Conditions Related to the PUE-2005-00025 Agreement

In the PUE-2005-00025 Order, the Commission issued a number of directives pertaining to the PUE-2005-00025 Agreement. First, we limited the duration of our approval of the PUE-2005-00025 Agreement to five (5) years from the entry of the PUE-2005-00025 Order. Second, we determined that the Commission's statutory duties under the Affiliates Act could not be supplanted by a broad, open-ended affiliate agreement provision such as the "Description of Services" clause that permitted additions or modifications in Centralized Services without further Commission approval. Third, we limited our approval to the Centralized Services specifically identified in the PUE-2005-00025 Agreement and to other services specifically identified by the Applicants. We denied approval of a broad "other" services category. Fourth, we directed that Commission approval would be required for any changes in the terms and conditions of the PUE-2005-00025 Agreement including, but not limited to, any changes in Centralized Services provided, any changes in allocation methodologies, and any successors or assigns. Fifth, we determined that our approval of the PUE-2005-00025 Agreement did not include approval of any provision that allows AGSC to engage affiliated third parties to provide Centralized Services to VNG. Should VNG and AGSC wish to make use of their AGLR affiliates' expertise, separate approval under the Affiliates Act would be required. We find that these conditions remain applicable for the proposed New Agreement and will re-adopt them in this case.

Recordkeeping and Pricing Requirements of the PUE-2005-00025 Order

The Commission also implemented certain recordkeeping and pricing requirements in the PUE-2005-00025 Order. Specifically, we required VNG to maintain records demonstrating that the Centralized Services provided by AGSC were cost beneficial to Virginia customers. For Centralized Services provided by AGSC where a market might exist, VNG was required to investigate alternative sources from which to purchase the services. If an alternative source for provision of the service existed, VNG was required to compare that market price to AGSC's cost and pay the lower of cost or market. We directed that, in any rate proceeding, VNG must bear the burden of proving that VNG paid AGSC the lower of cost or market for all Centralized Services received. We find that these recordkeeping and pricing requirements are consistent with the Commission's pricing directives for other affiliated service company agreements and remain applicable for the proposed New Agreement. Therefore, we will re-adopt these requirements in this case.

Reporting Requirements of the PUE-2005-00025 Order

The PUE-2005-00025 Order contained certain reporting requirements that are pertinent to this case. First, we directed VNG to provide with its Annual Report of Affiliate Transactions ("ARAT") a copy of the Securities and Exchange Commission ("SEC") Forms U5S and U-13-60, plus copies of any correspondence with regulatory agencies concerning changes in Centralized Services or allocation methodologies. Second, we ordered VNG to provide with its ARAT a schedule of annual AGSC billings by Centralized Services category, segregated between directly charged, directly assigned, and allocated amounts and showing for each allocated amount the allocation basis and actual allocation factor.

With regard to the first reporting requirement, we note that with the passage of PUHCA 2005, the SEC's jurisdiction over public utilities was transferred to the FERC, and the SEC's reports were replaced by the FERC's Form 60 for centralized service companies. Therefore, in order to promote consistency in its review of affiliated centralized service companies, we will direct the Applicants to substitute the FERC Form 60 Report format for the now-defunct SEC Forms U58 and U-13-60 Reports. As to the second reporting requirement, we find that it remains applicable for the proposed New Agreement, and we will re-adopt it in this case.

Direct, Assigned, and Allocated Charges

We have some concerns with AGSC's methodology for charging Centralized Services costs to VNG. First, in our experience, AGSC's percentage of direct and directly assigned charges appears low. Second, AGSC relies too heavily on the Composite Ratio allocation factor. To the extent that Centralized Services charges are allocated, AGSC should follow cost causation principles that link a cost to a specific type of activity or cost driver. The Composite Ratio is decidedly non-specific because it uses four ratios, which makes the allocator more general in its effect. Therefore, we will direct the Applicants to take steps to increase the level of directly charged Centralized Services and decrease AGSC's reliance on the Composite Ratio allocator.

Cost Component D (Cost of Capital)

We accept the Applicants' proposal in their Motion to withdraw the following Cost Component D language from the New Agreement:

> Cost of services performed includes a cost of capital component. AGSC cost of capital is based on net plant investment multiplied by the grossed-up weighted average cost of capital (WACC). Net plant equals plant less accumulated depreciation and accumulated deferred income taxes related to plant. The grossed-up WACC equals the cost of capital authorized by the applicable state regulatory authority adjusted to equal a pre-tax revenue requirement factor. For non-regulated affiliates, the WACC will be based on the actual cost of debt for AGLR and an estimated cost of equity.

Cost Component E (Cost of Capital Projects Assigned to VNG)

The Applicants' proposed addition of Cost Component E to the New Agreement raises a number of concerns. However, it is unnecessary to resolve these issues in light of the modified language for Cost Component E offered in the Applicants' Motion. We will therefore accept the Applicants' proposed language revisions concerning Cost Component E set out in the Applicants' Motion as described below:

> AGSC also assigns the cost of capital projects that are attributable to individual affiliates. Cost of these projects includes costs directly incurred by AGSC and the overheads incurred by AGSC in the completion of capital projects that are solely attributable to one AGLR System company. Generally these projects are managed by information systems. From time to time other functional areas may manage certain capital projects that benefit an AGLR System Company.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, Virginia Natural Gas, Inc., and AGL Services Company are hereby granted approval to enter into the Third Revised Services Agreement, as modified by the August 31, 2010 filing, consistent with the findings set out above and effective as of the date of the entry of this Order.

(2) Concurrent with the approval granted above, the Applicants' interim authority to operate under the PUE-2005-00025 Agreement, which was granted in the July 8, 2010 Interim Order, is hereby terminated.

(3) The approval granted herein shall be limited to five years from the date of the entry of the Order in this case. Should VNG wish to continue the New Agreement beyond that date, further Commission approval shall be required.

(4) A Commission order or the Commission's duties under the Affiliates Act cannot be supplanted by affiliate agreement provisions such as the "Description of Services" clause.

(5) The approval granted herein is limited to Centralized Services specifically identified in the New Agreement. Approval is denied for non-specific "Other" service or sub-service categories. If VNG wishes to add a new category of Centralized Services that is not specifically identified in the New Agreement, separate Commission approval shall be required.

(6) The approval granted herein does not include permission for VNG to receive Centralized Services from AGSC through the engagement of affiliated third parties. Should the Applicants wish to make use of their AGLR affiliates' expertise, separate Commission approval shall be required.

(7) VNG shall be required to maintain records demonstrating that the Centralized Services provided by AGSC are cost beneficial to Virginia ratepayers. For all Centralized Services provided by AGSC where a market may exist, VNG shall investigate whether there are alternative sources from which it could purchase such services. If an alternative source exists, VNG shall compare the market price to AGSC's charges and pay the lower of cost or market. Records of such investigations and comparisons shall be available for Staff review upon request. VNG must bear the burden of proving, in any rate proceeding, that VNG paid AGSC the lower of cost or market for all Centralized Services.

(8) VNG and AGSC shall take steps to increase the level of directly charged Centralized Services and decrease AGSC's reliance on the Composite Ratio allocator.

(9) The Applicants' proposal to withdraw the Cost Component D (Cost of Capital) language from the New Agreement is granted.

(10) The Cost Component E (Cost of Capital Projects Assigned) language, as modified in the Applicants' Motion, is hereby approved subject to the following restrictions. On a prospective basis, AGSC shall be permitted to assign to VNG capital assets that are used by VNG and/or AGSC employees solely for VNG's benefit. Assets that are used to benefit multiple AGLR affiliates shall not be assignable to VNG, and AGSC shall bill VNG for the benefits VNG receives from these assets through the AGSC Centralized Services bill. With regard to previously assigned assets, the Applicants shall be required to reassess the asset assignment amounts annually to ensure that the amounts assigned to VNG remain equitable. The reassessments shall be available for review upon Staff s request. In addition, VNG shall be required to supply documentation supporting the reasonableness of its asset assignment methodology in its next rate proceeding.

(11) Commission approval shall be required for any changes in the terms and conditions of the New Agreement including, but not limited to, any changes in Centralized Services provided, any changes in allocation methodologies, and any successors or assignees.

(12) 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 New Agreement.

(13) The approval granted herein shall not preclude the Commission from exercising its authority under 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) VNG shall include the transactions associated with the New Agreement approved herein in its ARAT submitted to the Commission's Director of the Division of Public Utility Accounting ("PUA Director") on May 1 of each year, subject to administrative extension by the Commission's PUA Director. VNG shall also provide with its ARAT, in addition to its current affiliate reporting requirements, a copy of AGSC's financial activities organized in the format of the FERC's Form 60 report for centralized service companies. Finally, VNG shall provide a schedule of AGSC's annual billings by Centralized Ser-vice category and segregated between direct charged, direct assigned, and allocated amounts. For each allocated amount, the allocation basis and actual allocation factor shall be shown.

(16) 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.

(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-2010-00071
DECEMBER 17, 2010

APPLICATION OF
NORTHERN VIRGINIA ELECTRIC COOPERATIVE

For approval of a 100% Renewable Energy Tariff

ORDER APPROVING TARIFF

On July 2, 2010, Northern Virginia Electric Cooperative ("NOVEC" or the "Cooperative") filed an Application[1] for approval of its proposed Rider R for 100% renewable electric service ("Rider R") with the Virginia State Corporation Commission ("Commission") pursuant to the General Assembly's recently enacted § 56-577 A 6 of the Code of Virginia ("Code"). The Code provides that a cooperative may make a tariff for electric energy provided 100% from renewable energy available to one or more classes of its residential customers if the cooperative provides undifferentiated electric energy, retires a quantity of renewable energy certificates ("RECs") equal to 100% of the electric energy provided pursuant to such tariff, and makes appropriate disclosures regarding the RECs. The Code further provides that a cooperative must "disclose to its retail customers who express an interest in purchasing energy pursuant to such tariff (i) that the renewable energy is comprised of the retirement of renewable energy certificates, (ii) the identity of the entity providing the renewable energy certificates, and (iii) the sources of renewable energy being offered."

According to NOVEC, Rider R would be available on a voluntary basis as a "companion rate" to any customer who contracts with the Cooperative for the purchase and retirement of RECs equal to all of the customer's monthly metered kilowatt hour ("kWh") consumption under an existing Cooperative Rate Schedule. NOVEC also stated that Rider R would be available to any residential class customers with a consumption charge immediately upon approval by the Commission and available to any nonresidential class customers on a similar basis on and after July 1, 2012.

NOVEC further stated that the customer may terminate billing under Rider R by giving the Cooperative at least thirty (30) days' prior notice. After receiving such notice, the Cooperative would terminate billing under Rider R effective with, or prior to, the customer's next meter read date. The Cooperative reserved the right to terminate Rider R or revise the pricing or minimum purchase amount after giving sixty (60) days' prior notice. According to the Cooperative, Rider R would not affect service taken by a customer under an existing applicable Rate Schedule.

Renewable energy charges for the Cooperative's Rider R would be in addition to all other charges due under the Cooperative's Terms and Conditions and the Rate Schedule applicable to the customer's service. Under proposed Rider R, the Renewable Energy Rate ("R") would be equal to $0.015 per kWh. The customer's total bill, including R, would never be less than zero.

On September 9, 2010, the Commission entered its Order for Notice and Comment that, among other things, docketed the Cooperative's Application; directed the Cooperative to provide notice of the Application to customers; provided interested persons an opportunity to comment on the Application; directed the Commission Staff ("Staff") to file comments on the Application; and provided the Cooperative with an opportunity to respond to the Staff's comments or to any filed comments by interested persons.

On October 14, 2010, public comments regarding the Application were filed by Mr. Robert Vanderhye, Green kW Energy, Inc. ("Green kW Energy"), and the Old Mill Power Company ("Old Mill Power"). In his comments, Mr. Vanderhye questioned the sufficiency of the Cooperative's disclosure of information associated with Rider R. He stated:

> The Rider provides only that this information will be provided in the infrequent magazine published by the cooperative, and "upon request." Most people never read the magazine, and most people would not know to request the information. The source of the RECs and the source of the renewable energy itself should both be provided along with ANY AND ALL SOLICITATIONS associated with the program, and should also be provided on monthly bills. Only in this way will the information specified by the Legislature truly make its way into the hands of the customers.[2]

In its Comments, Green kW Energy stated that it believes the Application is inappropriate because it would give an unfair advantage over independent developers of renewable power projects and would discourage the development of such projects in Virginia.[3] Old Mill Power argued in its comments that Rider R (i) conflicts with federal consumer protection and federal anti-trust laws; (ii) is potentially deceptive to customers and thereby could divert sales of renewable energy and RECs from other vendors to the Cooperative; (iii) is not necessary for the Cooperative to conduct sales of RECs or renewable energy;

[1] Application for Approval of 100% Renewable Tariff, Case No. PUE-2010-00071, Doc. Con. Cen. No. 100710105 (July 2, 2010) ("Application").

[2] Comments of Robert Vanderhye, Case No. PUE-2010-00071, Doc. Con. Cen. No. 101020226 (Oct. 14, 2010). (Typographical errors in original corrected. Emphasis in original.)

[3] Comments of Green kW Energy, Case No. PUE-2010-00071, Doc. Con. Cen. No. 101020226 (Oct. 14, 2010).

(iv) is contrary to the public interest; (v) violates the Equal Protection Clause of the Fourteenth Amendment to the United States Constitution;[4] (vi) will not make renewable energy more available to customers or to the market generally; and (vii) is bad for Virginia's economy.[5]

On October 28, 2010, the Staff filed its report ("Staff Report") on Rider R's consistency with § 56-577 A 6 of the Code and on Rider R's technical soundness.[6] Staff suggested that the title of Rider R, "100% RENEWABLE ELECTRIC SERVICE," could lead to confusion about the actual service being offered and suggested that the Cooperative rename the tariff "to '100% RENEWABLE ENERGY ATTRIBUTES ELECTRIC SERVICE,' 'ELECTRIC SERVICE BACKED 100% BY RENEWABLE ENERGY CERTIFICATES' or some other moniker that more clearly recognizes the role renewable energy certificates play under this service, as is described in the body of the proposed tariff."[7] Staff also stated that Rider R's Availability and Applicability clause should be amended to the following:

> This Rider is available on a voluntary basis as a "companion rate" to any residential Customer who contracts with the Cooperative for the purchase and retirement of renewable energy attributes ("Renewable Energy") for all of the Customer's monthly consumption under an existing Cooperative Rate Schedule.[8]

Staff's proposed amendment deletes from Rider R's Availability and Applicability clause the sentence "[t]his Rider is available to residential class Customers immediately and available to any nonresidential class Customers on and after July 1, 2012."[9] According to Staff, this sentence may lead to confusion because "the proposed service would only be available to residential customers at this time and the Cooperative must make a filing after July 1, 2012, to provide this service to non-residential customers in accordance with § 56-577 A 6 of the Code."[10] Finally, Staff determined that the proposed pricing and disclosure provisions of the tariff are acceptable.[11]

On November 4, 2010, NOVEC filed its Rebuttal Comments of the Electric Cooperatives ("Rebuttal Comments").[12] In its Rebuttal Comments, NOVEC considered the Staff Report "properly and appropriately constrained to examination of the Applications and Riders under the terms of Va. Code § 56-577."[13] NOVEC agreed with Staff's recommended modification of Rider R's Availability and Applicability clause but also suggested the addition of the word "class" so that the clause would read, "This Rider is available on a voluntary basis as a 'companion rate' to any *residential class* Customer. . .."[14] NOVEC acknowledged that, pursuant to § 56-577 A 6 of the Code, it will need to file an application for approval before offering a similar tariff to nonresidential class customers on or after July 1, 2012. NOVEC further stated that it disagreed with Staff's recommended title for the tariff. Instead, NOVEC suggested that Rider R be renamed "TARIFF FOR ELECTRIC ENERGY PROVIDED 100 PERCENT FROM RENEWABLE ENERGY" and asserted that this proposed title is a reasonable compromise because it tracks the language of § 56-577 A 6.[15]

In response to Mr. Vanderhye, NOVEC argued that the Cooperative periodical has a high percentage of readership and that the disclosure information provided by the Cooperative through this publication is sufficient to satisfy the disclosure requirements of § 56-577 A.[16] In response to Green

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[4] U.S. Const., amend. 14, § 1.

[5] Comments of Old Mill Power, Case No. PUE-2010-00071, Doc. Con. Cen. No. 101020236 (Oct. 14, 2010) ("Old Mill Power Comments").

[6] Staff Report, Case No. PUE-2010-00071, Doc. Con. Cen. No. 101050031 at 3 (Oct. 28, 2010) (amended by Memorandum, Case No. PUE-2010-00071, Doc. Con. Cen. No. 101110101 (Nov. 3, 2010)).

[7] *Id.*

[8] *Id.* at 4.

[9] *Id.*

[10] *Id.* (emphasis in original).

[11] *Id.* at 5-6.

[12] Nine electric cooperatives filed Rebuttal Comments collectively in individual and substantively identical proceedings seeking Commission approval of tariffs filed pursuant to § 56-577 A 6 of the Code. The nine cooperatives and the corresponding case numbers of the renewable energy tariff proceedings are as follows: Mecklenburg Electric Cooperative (PUE-2010-00066), BARC Electric Cooperative (PUE-2010-00067), Shenandoah Valley Electric Cooperative (PUE-2010-00068), Prince George Electric Cooperative (PUE-2010-00069), Northern Virginia Electric Cooperative (PUE-2010-00071), Central Virginia Electric Cooperative (PUE-2010-00085), Northern Neck Electric Cooperative (PUE-2010-00086), A&N Electric Cooperative (PUE-2010-00088), and Southside Electric Cooperative (PUE-2010-00103).

[13] Rebuttal Comments of the Electric Cooperatives, Case No. PUE-2010-00071, Doc. Con. Cen. No. 101110151 at 2-3 (Nov. 4, 2010).

[14] *Id.* at 3-4 (emphasis in original).

[15] *Id.* at 4.

[16] *Id.* at 6-7. Section 56-577 A 6 of the Code requires the following disclosure:

> A cooperative . . . shall disclose to its retail customers who express an interest in purchasing energy pursuant to such tariff (i) that the renewable energy is comprised of the retirement of renewable energy certificates, (ii) the identity of the entity providing the renewable energy certificates, and (iii) the sources of the renewable energy being offered.

kW Energy, NOVEC asserted that tariffs such as Rider R would likely increase the incentive for future renewable energy projects at the wholesale level. The Cooperative stated that approval of Rider R would not prevent Green kW Energy, as a competitor in the marketplace, from marketing its own RECs and renewable energy. According to NOVEC, approval of Rider R could instead increase incentives for wholesale green energy products by creating more demand for RECs.[17]

In response to Old Mill Power, NOVEC stated that, although Rider R does bundle undifferentiated energy and RECs together, it does not do so in a way that violates federal anti-trust laws. According to the Cooperative, "the Code is clear and unambiguous in that both the undifferentiated energy and the REC must be offered, together, for the tariff to be 'deemed to offer' the 100% renewable electric service described in Va. Code § 56-577.A.6."[18] NOVEC further stated that neither Rider R nor the law restricts anyone from buying and selling RECs in the market on his or her own initiative.[19]

Addressing Old Mill Power's assertion that Rider R is potentially deceptive to customers and in violation of federal consumer protection laws, NOVEC noted that § 56-577 A 6 of the Code specifically defines the product the Cooperative may offer and the disclosures which must accompany it. NOVEC stated that it has made the statutorily required disclosures and will continue to do so.[20] NOVEC further stated that Old Mill Power's "contention that the Cooperatives would knowingly deceive and mislead their member-owners is antithetical to the core principles that govern the member-owned utilities."[21] According to the Cooperative, Rider R would not divert money invested in renewable energy away from other vendors and to electric cooperatives. Rather, NOVEC asserted that Rider R would add choice to the marketplace and that the Cooperative would look to the broader market to supply the RECs needed to serve the rider. NOVEC further asserted that Rider R would create a new demand for RECs and is in the public interest.[22]

Finally, NOVEC addressed equal protection concerns raised by Old Mill Power. According to the Cooperative, the interests of customers of investor-owned utilities and cooperative utilities are divergent for purposes of this proceeding. Accordingly, NOVEC argued that Rider R, if approved, would not treat similarly situated customers differently so as to give rise to any discrimination or disparate treatment that would violate the Equal Protection Clause of the United States Constitution.[23] The Cooperative further asserted that issues raised by Old Mill Power are policy concerns that are more appropriately addressed by the General Assembly.[24]

NOW THE COMMISSION, upon consideration of this matter, approves Rider R subject to the requirements set forth below. We note that § 56-577 A 6 of the Code provides, in relevant part, as follows:

> A tariff for one or more classes of residential customers filed with the Commission for approval by a cooperative on or after July 1, 2010, shall be deemed to offer a tariff for electric energy provided 100 percent from renewable energy if it provides undifferentiated electric energy and the cooperative retires a quantity of renewable energy certificates equal to 100 percent of the electric energy provided pursuant to such tariff. . .. A cooperative offering electric energy provided 100 percent from renewable energy pursuant to this subdivision that involves the retirement of renewable energy certificates shall disclose to its retail customers who express an interest in purchasing energy pursuant to such tariff (i) that the renewable energy is comprised of the retirement of renewable energy certificates, (ii) the identity of the entity providing the renewable energy certificates, and (iii) the sources of renewable energy being offered.

We find that Rider R satisfies the requirements prescribed by § 56-577 A 6 of the Code. Further, we agree with Staff that the disclosure provisions contained in Rider R are adequate.

Title of the Tariff

We agree that the Cooperative's original proposed title for Rider R, "100% RENEWABLE ELECTRIC SERVICE," may generate confusion as to the actual service being offered under the tariff. Further, we do not find that the Cooperative's proposed name change, "TARIFF FOR ELECTRIC ENERGY PROVIDED 100 PERCENT FROM RENEWABLE ENERGY," adequately and clearly describes the service offered under Rider R. Accordingly, we find that Staff's recommendation that the title of the tariff be changed to "100% RENEWABLE ENERGY ATTRIBUTES ELECTRIC SERVICE" or "ELECTRIC SERVICE BACKED 100% BY RENEWABLE ENERGY CERTIFICATES" should be adopted.

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[17] Rebuttal Comments at 7-8.

[18] *Id*. at 8, n.16.

[19] *Id*. at 8-9.

[20] *Id.* at 9-10.

[21] *Id.* at 10.

[22] *Id*. at 10-11.

[23] U.S. Const., amend. 14, § 1.

[24] Rebuttal Comments at 11-12.

Availability and Applicability Clause

We note that § 56-577 A 6 provides as follows:

> A tariff for one or more classes of nonresidential customers filed with the Commission for approval by a cooperative on or after July 1, 2012, shall be deemed to offer a tariff for electric energy provided 100 percent from renewable energy if it provides undifferentiated electric energy and the cooperative retires a quantity of renewable energy certificates equal to 100 percent of the electric energy provided pursuant to such tariff.

We agree with Staff that the following sentence should be deleted from Rider R's Availability and Applicability clause: "[t]his Rider is available to residential class Customers immediately and available to any nonresidential class Customers on and after July 1, 2012." A tariff for nonresidential customers filed pursuant to § 56-577 A 6 must be filed, according to the statute, on or after July 1, 2012. Accordingly, we find that the Cooperative's recommended modification of the Availability and Applicability clause should be adopted to clarify that Rider R is available to residential class customers only.

Federal Law

Old Mill Power raised several concerns regarding federal statutory and constitutional law that it argues renders Rider R unfit for approval. We find that such concerns raised by Old Mill Power do not prohibit approval of this rider, which we have found to be consistent with § 56-577 A 6 of the Code. As argued by NOVEC, we find that the Virginia statute is not prohibited by federal law.

Request for Hearing

Old Mill Power suggested in its comments that a hearing might be helpful to resolve any disputes over the facts of the case.[25] We find the written record in this docket adequate for us to evaluate NOVEC's Application and Rider R. The material facts in this case are not in dispute and, consequently, a hearing is not necessary for their determination.

Accordingly, IT IS HEREBY ORDERED THAT
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(1) NOVEC's Application is granted to the extent set forth in this Order Approving Tariff and is otherwise denied.

(2) Rider R is approved subject to the requirements and conditions set forth in this Order Approving Tariff, effective for service to residential customers rendered on and after the date of this Order.

(3) NOVEC shall submit its revised Rider R, incorporating the modifications set forth herein, to the Director of the Commission's Division of Energy Regulation within thirty (30) days of the date of this Order.

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

[25] Old Mill Power Comments at 18.

CASE NO. PUE-2010-00072
OCTOBER 20, 2010

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval of an extension and modifications to special rates, terms and conditions pursuant to Virginia Code § 56-235.2

FINAL ORDER

On July 2, 2010, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or the "Company") filed an application ("Application") in both public and confidential versions with the State Corporation Commission ("Commission") pursuant to § 56-235.2 of the Code of Virginia. This Application requests the Commission to approve an extension of, and modifications to, the Special Rates, Terms and Conditions for the Company's provision of electric service to Chaparral (Virginia) Inc. ("Chaparral").

The Commission previously approved a special rate contract between the Company and Chaparral in 1999, which would have extended through June 30, 2004. However, on August 22, 2003, in Case No. PUE-2003-00176, the Commission granted Chaparral's request to terminate service under the earlier special rate contract and to take electric service under Dominion Virginia Power's Rate Schedule 10 - Large General Service. According to the Application, although the average rates under Schedule 10 were lower than the rates under the original special rate contract, Chaparral informed the Company that the rates remained higher than it could profitably manage. Accordingly, the Company filed an application on July 8, 2004 ("July 8, 2004 Application"), in Case No. PUE-2004-00083 for approval of a new special rate contract for service to Chaparral. On October 8, 2004, the Commission approved the Special Rates, Terms and Conditions ("Agreement") set out in the July 8, 2004 Application, subject to certain modifications. The Commission found that the Agreement would have no adverse impact on existing customers and would not jeopardize the continuation of reliable utility service.

According to the Application, the current Agreement between Dominion Virginia Power and Chaparral is scheduled to terminate on December 31, 2010. The Company states that the terms of the Stipulation and Addendum, approved as part of the Commission's March 11, 2010 Order in Case No. PUE-2009-00019, prevent the Company from changing base rates for standard tariff offerings prior to December 1, 2013. While the terms of the Stipulation do not address changes to special rates, the Company states that it believes it to be appropriate for the term of the special rates to conform to the

period of frozen rates provided in the Stipulation. Accordingly, the Application requests that the term of the Agreement be extended through November 30, 2013. The Company has not requested a change to the stated electric rates themselves. The Company has, however, proposed certain changes to the Agreement to reflect the Company's membership in PJM Interconnection, LLC, which became effective May 1, 2005.

On July 29, 2010, the Commission entered an Order for Notice and Comment that, among other things, docketed the matter; established a procedural schedule for the filing of comments, notices of participation and requests for hearing; directed the Commission Staff ("Staff") to investigate the Application and provided Staff the opportunity to file a report; and permitted the Company to respond to any comments, requests for hearing, or the Staff Report. No comments, notices of participation, or requests for hearing have been filed in this matter. On September 21, 2010, Staff filed a letter stating that it would not be filing a report in this matter. On October 1, 2010, the Company stated that it would not be filing a written response and requested that the Commission act expeditiously to approve the Application.

NOW THE COMMISSION, upon consideration of the Company's Application, the record herein, and the applicable statutes, is of the opinion and finds that the Company's proposed extension of and modifications to the Agreement should be approved. The Commission agrees with the Company that extension of the Agreement will not unreasonably prejudice or disadvantage any customer or class of customers and will not jeopardize the continuation of reliable electric service.

Accordingly, IT IS ORDERED THAT:

(1) Consistent with the findings made herein, Dominion Virginia Power may continue to offer Chaparral the special rates and terms and conditions set out in the Agreement approved by the Commission in Case No. PUE-2004-00083, as modified and extended as proposed by the Company in its Application, effective for service rendered on and after the date of this Order.

(2) Dominion Virginia Power shall file its revised special rates and terms and conditions with the Commission's Division of Energy Regulation.

(3) There being nothing further to be done in this matter, the case shall be dismissed from the Commission's docket of active proceedings, and the papers filed herein shall be placed in the Commission's files for ended causes.

CASE NO. PUE-2010-00073
AUGUST 19, 2010

APPLICATION OF
INTERSTATE GAS SUPPLY, INC. d/b/a IGS ENERGY

For a license to conduct business as a competitive service provider of natural gas

ORDER GRANTING LICENSE

On July 9, 2010, Interstate Gas Supply, Inc. d/b/a IGS Energy ("IGS" or "Company") filed an application with the State Corporation Commission ("Commission") for a license to act as a competitive service provider for natural gas service pursuant to § 56-235.8 F of the Code of Virginia ("Application"). This Application seeks authority to serve residential and small commercial customers in the service territories of Washington Gas Light Company ("WGL"), including WGL's Shenandoah Gas Division service area, and Columbia Gas of Virginia, Inc. ("CGV"). The Company attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Commission's Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules"). On the same day, the Company, by counsel, filed a Motion for Protective Order ("Motion"), together with a proposed protective order to maintain the confidentiality of certain information, including financial information, required to be filed with the Application by the Retail Access Rules.

On July 16, 2010, the Commission issued an Order for Notice and Comment ("Order") which docketed the Application, required that notice of the Application be given to WGL and CGV, permitted interested persons to file comments on the Application, and required the Commission's Staff to analyze the reasonableness of the Application and present its findings in a Staff Report. The Company filed proof of service of the Order on July 19, 2010. No comments were received on IGS's Application.

The Staff filed its Report on August 10, 2010, addressing IGC's fitness to conduct business as a competitive service provider for natural gas service. In its Report, the Staff summarized IGS's proposal and evaluated the Company's financial condition and technical fitness. Based on its review of the Application, Staff recommended that IGS be granted a license to conduct business as a competitive service provider of natural gas service to residential and small commercial customers in WGL's and CGV's service territories. IGS, by counsel, filed comments in support of the Staff Report. No other comments were filed in the proceeding.

NOW UPON CONSIDERATION of the Application, the Staff Report, the applicable law, and the Retail Access Rules, the Commission is of the opinion and finds that IGC's request for confidential treatment of certain documents filed with its Application on July 9, 2010, is unnecessary and should be denied;[1] that IGC's request for a license as a competitive service provider of natural gas service 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.

[1] The Commission held the Company's Motion in abeyance. We note that no request for leave to review the confidential information filed on July 9, 2010, has been received 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.

Accordingly, IT IS ORDERED THAT:

(1) IGS's July 9, 2010 Motion for Protective Order is hereby denied; however, we direct the Clerk of the Commission to retain the confidential information to which the July 9, 2010 Motion pertains under seal.

(2) IGC is hereby granted License No. G-29 to be a competitive service provider of natural gas service to residential and small commercial customers in CGV's and WGL's service territories. This license to act as a competitive service provider is granted subject to the provisions of the Retail Access Rules, this Order, and other applicable statutes.

(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-2010-00076
AUGUST 2, 2010

APPLICATION OF
SHENANDOAH VALLEY ELECTRIC COOPERATIVE

For authority to incur indebtedness

ORDER GRANTING AUTHORITY

On July 12, 2010, Shenandoah Valley Electric Cooperative ("Shenandoah" 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 up to $25 million from the Federal Financing Bank ("FFB") with a guarantee from the Rural Utilities Service. Shenandoah has paid the requisite fee of $250.

The loan will have a term of thirty-five (35) years . The interest rate will be fixed based on the interest rate at the time of advance. At the time the application was filed, the long-term fixed interest rate was approximately 3.65%. The Cooperative will have five (5) years to drawdown the $25 million. The proceeds will be used to finance Shenandoah's June 2009 through December 2011 work plan.

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) Shenandoah is authorized to incur up to $25 million in debt obligations from the FFB, 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 Economics and Finance a report of action, which shall include the amount of the advance, the interest rate and the interest rate term.

(3) The authority granted herein shall have no implications for ratemaking purposes.

(4) There appearing nothing further to be done in this matter, it hereby is dismissed.

CASE NO. PUE-2010-00077
OCTOBER 7, 2010

APPLICATION OF
ROANOKE GAS COMPANY

For an expedited rate increase

ORDER FOR NOTICE AND HEARING

On September 13, 2010, Roanoke Gas Company ("Roanoke Gas" or "Company") filed with the State Corporation Commission ("Commission") an application for an expedited increase in rates ("Application") and direct testimony, exhibits, and schedules as prescribed by the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings, 20 VAC 5-201-10 *et seq.* ("Rate Case Rules"). Roanoke Gas seeks to increase its annual revenues by approximately $1,434,968 or approximately 2.6 percent.[1] According to the Company, base, non-gas rates would increase by approximately 6.2 percent spread proportionally to each class of customer.[2] As provided by 20 VAC 5-201-20 D of the Rate Case Rules, Roanoke Gas proposes that its increase in rates take effect, on an expedited basis and subject to refund, for service on and after November 1, 2010.[3]

[1] Application at 1.

[2] Direct Testimony of Dale P. Lee at 1-2.

[3] Application at 2.

The Commission last granted the Company an increase in rates in 2009.[4] In support of its current Application, Roanoke Gas states that its operations have not materially changed since its last rate case, but operating costs have increased.[5] The proposed increase in rates reflects application of a return on equity of 10.1 percent.[6]

As required by the Commission's Rules of Practice and Procedure ("Rules of Practice"), 5 VAC 5-20-10 *et seq.*, specifically 5 VAC 5-20-160, on September 20, 2010, the Staff of the Commission ("Staff") filed a memorandum stating that all required information had been filed and that all requirements of statute and rule had been met.

On September 21, 2010, the Staff filed an interim report on its preliminary review of the Application and supporting testimony, exhibits, and schedules as required by the Commission's Rate Case Rules. The Staff concluded that the proposed adjustments and rate design are consistent with those approved in the previous expedited rate case for Roanoke Gas.[7] The Staff also stated that it believes it is appropriate that the Company's rate request be put into effect on an interim basis for service rendered on and after November 1, 2010, subject to refund.

NOW THE COMMISSION, upon consideration of the filings herein and of the applicable law, is of the opinion and finds that the Company filed a completed Application on September 13, 2010. The Commission further finds that public notice and an opportunity for participation in this proceeding should be given; that a hearing should be scheduled on the Application; and that a Hearing Examiner should be assigned to conduct all further proceedings on behalf of the Commission, concluding with the filing of a final report containing the Hearing Examiner's findings and recommendations.

As noted, Roanoke Gas proposes that its rates take effect, subject to refund, on November 1, 2010. The Company advises the Commission that it has not experienced a substantial change in its circumstances. In this proceeding, Roanoke Gas proposes to use a return on equity of 10.1 percent, as approved by the Commission in the Company's last rate proceeding.[8] In its September 21 Report, the Staff made a preliminary determination that the proposed adjustments and rate design in this proceeding are consistent with those approved in the previous rate proceeding for Roanoke Gas.[9] Therefore, the Commission finds that Roanoke Gas has satisfied the specific requirements of Rate Case Rule 20 VAC-5-201-20 D for putting its proposed rates into effect, 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-2010-00077.

(2) Roanoke Gas may put its proposed rates into effect on an interim basis, subject to modification and refund, for service provided on and after November 1, 2010.

(3) As provided by § 12.1-31 of the Code of Virginia and 5 VAC 5-20-120 of the Rules of Practice, a Hearing Examiner shall be appointed to conduct all further proceedings in this matter on behalf of the Commission and to file a final report herein.

(4) A public hearing on the Application shall be held at 10:00 a.m. on March 24, 2011, in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, to receive into the record the testimony of public witnesses and the evidence of Roanoke Gas, any respondents, and the Staff. Public witnesses desiring to testify at the hearing concerning this Application need only appear in the Commission's 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 contact the Commission's Bailiff.

(5) Roanoke Gas shall forthwith make a copy of its Application; a copy of the public versions of all testimony, exhibits, and schedules filed with the Application; and a copy of this Order for Notice and Hearing available for public inspection during regular business hours at its business office at 519 Kimball Avenue, N.E., Roanoke, Virginia. The Company shall also provide, at no charge, a copy of the Application and the public versions of all testimony, exhibits, and schedules filed with the Application upon written request to Dale P. Lee, Vice President and Corporate Secretary, Roanoke Gas Company, P.O. Box 13007, Roanoke, Virginia 24030. If acceptable to the requesting individual, the Company may provide the Application, with or without attachments, by electronic means. In addition, interested persons may review copies in the Commission's Document Control Center, located on the First Floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia, between the hours of 8:15 a.m. and 5:00 p.m. on regular business days, or download unofficial copies from the Commission's website: http://www.scc.virginia.gov/case.

(6) On or before October 29, 2010, the Company shall publish once as display advertising (not classified) the following notice in newspapers of general circulation throughout its Virginia service territory.

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[4] *Application of Roanoke Gas Company, For an expedited increase in rates*, Case No. PUE 2008-00088, 2009 S.C.C. Ann. Rept. 343, Final Order (June 10, 2009).

[5] Direct Testimony of John B. Williamson, III, at 2-3.

[6] Application at 1.

[7] Staff Interim Report of September 21, 2010 ("September 21 Report") at 1.

[8] Application at 1.

[9] September 21 Report at 1.

NOTICE TO THE PUBLIC OF THE
APPLICATION OF ROANOKE GAS COMPANY
FOR APPROVAL OF AN
EXPEDITED INCREASE IN RATES
CASE NO PUE-2010-00077

On September 13, 2010, Roanoke Gas Company ("Roanoke Gas" or" Company") filed with the State Corporation Commission ("Commission") an application for an expedited rate increase ("Application"). Roanoke Gas seeks to increase its annual revenues by approximately $1,434,968 or approximately 2.6 percent. According to the Company, base, non-gas rates would increase by approximately 6.2 percent spread proportionally to each class of customers. Roanoke Gas proposes that its increase in rates take effect, on an expedited basis and subject to refund, for service on and after November 1, 2010.

TAKE NOTICE that while the total revenue requirement that may be approved by the Commission is limited to the amount produced by the Company's proposed rates, the individual rates and charges approved by the Commission may be higher or lower than those proposed by the Company.

The Commission last granted the Company an increase in rates in June 2009. Roanoke Gas states that its operations have not materially changed since its last rate case, but operating costs have increased. The proposed increase in rates reflects application of a return on equity of 10.1 percent.

The Commission has entered an Order for Notice and Hearing that, among other things, schedules a hearing on the Company's Application, assigns a Hearing Examiner to this proceeding, and permits Roanoke Gas to implement its proposed rate increase on an interim basis, subject to modification and refund, effective for service provided on and after November 1, 2010.

A public hearing on the Company's Application shall be held at 10:00 a.m. on March 24, 2011, in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, to receive into the record the testimony of public witnesses and the evidence of Roanoke Gas, any respondents, and the Commission Staff. Any person desiring to testify as a public witness should appear at the hearing location fifteen (15) minutes before the starting time on the day of the hearing and contact the Commission's Bailiff. Individuals with disabilities who require an accommodation to participate in the hearing should contact the Commission at least seven (7) days before the scheduled hearing date at 1-800-552-7945 (voice) or 1-804-371-9206 (TDD).

A copy of the Application; a copy of all testimony, exhibits, and schedules filed with the Application; and a copy of the Order for Notice and Hearing will be available for public inspection during regular business hours at the Company's business office, 519 Kimball Avenue, N.E., Roanoke, Virginia. A copy of the Application may be obtained at no cost through written request to Dale P. Lee, Vice President and Corporate Secretary, Roanoke Gas Company, P. O. Box 13007, Roanoke, Virginia 24030. In addition, interested persons may review the Application and related documents in the Commission's Document Control Center, Office of the Clerk of the Commission, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia, between 8:15 a.m. and 5:00 p.m. on regular business days, or 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 December 17, 2010, an original and fifteen (15) copies of a notice of participation with the Clerk of the Commission at the address set forth above. Interested parties should obtain a copy of the Commission's Order for further details on participation as a respondent. All filings shall refer to Case No. PUE-2010-00077.

On or before March 17, 2011, any interested person may file written comments on the Application with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Interested persons desiring to submit comments electronically may do so on or before March 17, 2011, by following the instructions on the Commission's website: http://www.scc.virginia.gov/case. All comments shall refer to Case No. PUE-2010-00077.

ROANOKE GAS COMPANY

(7) On or before October 29, 2010, Roanoke Gas 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 the equivalent officials in counties, towns, and cities having alternate forms of government) in which the Company provides service. Service shall be made by personal delivery or first class mail to the customary place of business or residence of the person served.

(8) On or before November 29, 2010, Roanoke Gas shall file proof of publication of the notice prescribed in Ordering Paragraph (6) above and proof of service of copies of this Order as prescribed by Ordering Paragraph (7) above, including the name, title, and address of each official served.

(9) On or before March 17, 2011, any interested person may file written comments on the Application with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Any interested person desiring to submit comments electronically may do so on or before March 17, 2011, by following the instructions found on the Commission's website: http://www.scc.virginia.gov/case. Interested persons shall refer in their comments to Case No. PUE-2010-00077.

(10) Any interested person may participate as a respondent in this proceeding by filing, on or before December 17, 2010, an original and fifteen (15) copies of a notice of participation with the Clerk of the Commission at the address set forth in Ordering Paragraph (9). A copy shall simultaneously be served on counsel to the Company, Richard D. Gary, Esquire, Hunton & Williams LLP, Riverfront Plaza, 951 East Byrd Street, Richmond, Virginia 23219. Pursuant to 5 VAC 5-20-80 B 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. Interested persons shall refer in all of their filed papers to Case No. PUE-2010-00077.

(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, a copy of the Application, and all materials filed with the Commission unless these materials have already been provided to the respondent.

(12) On or before December 17, 2010, each respondent may file with the Clerk of the Commission, at the address set forth in Ordering Paragraph (9) above, an original and fifteen (15) copies of any testimony and exhibits by which it expects to establish its case. Each respondent shall serve copies of the testimony and exhibits on counsel for Roanoke Gas and on all other respondents. A respondent shall comply with the Commission's Rules of Practice, including 5 VAC 5-20-140, 5 VAC 5-20-150, and 5 VAC 5-20-240.

(13) On or before February 24, 2011, 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 testimony and exhibits regarding its investigation of the Application.

(14) On or before March 10, 2011, the Company may file with the Clerk of the Commission an original and fifteen (15) copies of any rebuttal testimony and exhibits that it expects to offer and shall serve a copy on the Staff and all respondents.

(15) The Company shall respond to interrogatories and requests for production of documents within seven (7) calendar days after receipt of same. Except as modified, discovery shall be in accordance with the Rules of Practice.

CASE NO. PUE-2010-00079
NOVEMBER 18, 2010

APPLICATION OF
WASHINGTON GAS LIGHT COMPANY

For authority to amend its natural gas conservation and ratemaking efficiency plan

ORDER ON APPLICATION TO AMEND CONSERVATION AND RATEMAKING EFFICIENCY PLAN

On March 26, 2010, the State Corporation Commission ("Commission") entered an "Order Approving Natural Gas Conservation and Ratemaking Efficiency Plan" that approved a three-year Conservation and Ratemaking Efficiency ("CARE") Plan for the residential customers of Washington Gas Light Company ("WGL" or "Company"), effective May 1, 2010, pursuant to Chapter 25 of Title 56[1] of the Code of Virginia ("Code").[2]

On July 22, 2010, WGL filed an application ("Application")[3] to amend its CARE Plan to allow the Company to extend its CARE Plan to small commercial and industrial ("C&I") customers and group metered apartment ("GMA") customers using 30,000 therms of gas or less per month.[4] C&I customers and GMA customers using more than 30,000 therms of gas per month, customers receiving service under WGL's interruptible rate schedules, and customers in the Shenandoah Division industrial firm classes will be excluded from the CARE Plan.

The Company's proposed CARE Plan for its small C&I and GMA customers consists of four (4) principal components: (1) a portfolio of seven (7) rebate programs, a commercial custom program, and a community outreach and education program to encourage conservation and the efficient use of natural gas by small C&I and GMA customers; (2) a CARE Ratemaking Adjustment ("CRA") that adjusts the actual non-gas distribution revenues per small C&I and GMA customer to the allowed level of distribution revenues per customer approved in WGL's most recent rate case before the Commission;[5] (3) a CARE Cost Adjustment ("CCA") that will allow the Company to recover the costs of its CARE Plan for small C&I and GMA customers through a monthly surcharge to such customers' bills; and (4) a performance-based incentive mechanism that will allow WGL to retain a share of the verified net economic benefits produced by the CARE Plan for its small C&I and GMA customers.

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[1] Va. Code §§ 56-600 *et seq*. (hereinafter, "CARE Act").

[2] *Application of Washington Gas Light Company, For approval of natural gas conservation and ratemaking efficiency plan including a decoupling mechanism*, Case No. PUE-2009-00064, Doc. Con. Cen. No. 100360098, Order Approving Natural Gas Conservation and Ratemaking Efficiency Plan (Mar. 26, 2010).

[3] The term "Application" as used herein refers to the Application as filed on July 22, 2010, as well as the revised direct testimony and exhibits of Paul H. Raab filed by WGL on August 27, 2010.

[4] Section 56-602 A of the Code provides that a CARE Plan "shall not apply to large commercial or large industrial classes of customers." Since the Company does not have any separate rate schedules segregating any specific "large commercial or large industrial classes of customers," WGL proposes that its CARE Plan apply only to its C&I and GMA customers using 30,000 therms of gas or less per month.

[5] *Application of Washington Gas Light Company, For a general increase in rates, fees, charges and revisions to the terms and conditions of service as well as approval of a performance-based rate regulation methodology under Va. Code § 56-235.6*, Case No. PUE-2006-00059, 2007 S.C.C. Ann. Rept. 315, Final Order (Sept. 19, 2007).

The Company requests that its CARE Plan amendment be approved for a three-year period, effective November 1, 2010. The Company's total proposed expenditures for its CARE Plan for small C&I and GMA customers is $2,221,530. For the portfolio of prescriptive rebate programs, WGL estimates that savings per participating commercial customer will be between $71 and $101,301. The Company further estimates a $12,238 savings for every $2,000 spent on the commercial custom rebates.[6]

The proposed CARE Plan for small C&I and GMA customers includes nine distinct conservation and energy efficiency programs: (1) a Low Flow Pre-Rinse Spray Valve Rebate Program; (2) an ENERGY STAR® Gas Storage Water Heater (< 75,000 Btu/hr) Program; (3) an ENERGY STAR Gas Storage Water Heater (≥ 75,000 Btu/hr) Program; (4) an ENERGY STAR Tankless Water Heater (≥ 200,000Btu/hr) Program; (5) a Direct Contact Gas Water Heater Program; (6) an Infrared Heater Program; (7) an Outside Air Reset Controls Program; (8) a Commercial Custom Program; and (9) a Community Outreach and Customer Education Program for small C&I and GMA customers.

WGL's Application further proposes that the CRA approved by the Commission for the Company's residential customers in Case No. PUE-2009-00064 be applied to those small C&I and GMA customers eligible to participate in the CARE Plan. The CRA is a decoupling mechanism that will adjust a small C&I or GMA customer's actual non-gas distribution revenues to the allowed level of distribution revenues per customer approved in the Company's most recent rate proceeding, Case No. PUE-2006-00059, adjusted for customer growth. A separate CRA factor will be computed each billing cycle month for the C&I and GMA rate schedules to establish a credit or surcharge to the distribution charges contained in those rate schedules, and the CRA will be shown as a separate line item on customers' bills.

WGL also proposes that the CCA approved by the Commission for the Company's residential customers in Case No. PUE-2009-00064 be applied to those small C&I and GMA customers eligible to participate in the CARE Plan. The CCA is designed to recover the incremental costs associated with the Company's implementation of the CARE Plan for its small C&I and GMA customers. According to WGL's Application, the Company will track the costs associated with the implementation and administration of the CARE programs for its small C&I and GMA customers and recover those costs through a monthly surcharge. At the end of each twelve-month period of the CARE Plan, the Company will calculate the actual expenditures for the commercial programs, compare that to projected program costs recovered through the CCA, and provide a "true-up" for the amount recovered, if necessary, that will be applied to the CCA the following year. Based on the proposed expenditures of $2,221,530 for conservation and energy efficiency programs over the proposed three-year period, the Company's Application represents that an annual CCA for a typical small C&I and GMA customer using 5,594 therms per year is projected to be $30.30.[7]

Finally, WGL proposes to earn a performance-based incentive based on the independently verified net economic benefits produced by its CARE Plan for small C&I and GMA customers, as authorized by § 56-602 F of the Code. Accordingly, the Company proposes to include the costs and savings of the proposed CARE Plan for its small C&I and GMA customers in the calculation of the performance-based incentive mechanism approved by the Commission in Case No. PUE-2009-00064.[8]

On July 30, 2010, the Commission entered an Order for Notice and Comment that, among other things, directed WGL to provide notice of its Application; provided an opportunity for interested persons to submit written comments on the Application; and required the Commission Staff ("Staff") to investigate the Application and file a Staff Report containing its findings and recommendations on the Application.

On August 27, 2010, WGL filed a Petition for Leave to File Revised Testimony of Witness Paul H. Raab ("Witness Raab"), along with a copy of the revised direct testimony of Witness Raab.[9] On September 13, 2010, the Staff filed its Staff Report on the Application.[10] On that same date, the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel") also filed comments ("Comments") on the Application. On September 24, 2010, the Company filed the Response of Washington Gas Light Company to the Staff Report ("Response").

Consumer Counsel raises three primary issues in its Comments: CARE program costs, customer classes, and the performance incentive target. First, Consumer Counsel notes that WGL's proposal includes a higher overall program cost for its seven proposed prescriptive rebate programs than was approved for the fifteen programs approved by the Commission for implementation by Columbia Gas of Virginia, Inc. ("CGV"). Consumer Counsel also comments, concerning the Commercial Custom Program, that WGL seeks to spend $1.5 million, whereas CGV was approved to spend approximately $205,000 for its Business Custom Program over a similar three-year period. Consumer Counsel further states that, unlike CGV, none of WGL's program costs are offset by funds from the American Recovery and Reinvestment Act.[11]

Second, Consumer Counsel discusses § 56-602 A of the Code, which permits a CARE Plan to "include one or more residential, small commercial, or small general service classes," but does not permit participation by "large commercial or large industrial classes of customers." Consumer Counsel notes that, though the CARE Act speaks of "classes" of customers, WGL does not distinguish between small and large commercial and industrial classes in its tariff and thus proposes to determine eligibility for participation based on a usage cut-off of 30,000 therms per month.[12] Consumer Counsel states, "[w]hile WGL's proposal appears to be a good-faith attempt to comply with the spirit of the CARE law, it is not clear that it complies with the letter of

[6] Application at 10.

[7] Application at 12.

[8] *Id*.

[9] On September 3, 2010, the Commission entered an Order Granting Motion to File Revised Testimony that accepted for filing Witness Raab's revised direct testimony.

[10] On September 16, 2010, Staff filed revised pages 23, 24, and 37 to its September 13, 2010 Staff Report.

[11] Consumer Counsel Comments at 3.

[12] *Id*. at 4-5.

the law."[13] Consumer Counsel also points out that, should the Commission allow WGL to define what are "small" and "large" customer classes outside of its current tariff for purposes of the CARE Act, the Commission would also have to determine whether the cut-off of 30,000 therms is the appropriate point of demarcation for program participation.[14] Consumer Counsel further questions, among other things, whether WGL's GMA customers should be deemed residential or commercial customers for the purpose of applying the CARE Act.

Concerning performance incentives, Consumer Counsel recommends that the performance incentive targets in the Company's current tariff be raised to account for the additional savings potential of any CARE programs the Commission approves.[15]

In the Staff Report, Staff raises issues related to the definition of a customer class; the calculation of cost/benefit ratios; the incentives offered for the Outside Air Reset Controls Program, the Direct Contact Gas Water Heater Program, the ENERGY STAR Tankless Water Heater Program, and the Infrared Heater Program; the scale and scope of the Commercial Custom Program; the calculation of the CRA; the collection of the CCA; the need to update the usage reduction targets used in the calculation of the Performance Incentive; and concerns with the duration of the proposed CARE Plan amendments.

Staff first expresses the same concerns as Consumer Counsel about the use of the term "class" in the CARE Act and the lack of distinction between small and large C&I and GMA rate classes in WGL's existing tariff.[16] Staff also evaluates the results of the Company's cost/benefit tests, noting that WGL did not calculate cost/benefit results for the Commercial Custom Program.[17] For the seven prescriptive rebate programs, Staff notes that the calculations of cost/benefit tests do not include program costs such as administrative costs and costs for evaluation, measurement, and verification. According to Staff, "[i]gnoring these costs in the calculation of cost/benefit ratios will inflate most of the individual program ratios, thus making some programs appear cost-effective when they are not."[18] Staff expresses specific concern with the ENERGY STAR Gas Water Heater (< 75,000 Btu/hr) and (≥ 75,000 Btu/hr) Programs, which have net present value benefits of $22 and $347, respectively, without any program costs.[19] Staff further suggests that including program costs in cost/benefit ratio calculations only in the aggregate, as did WGL Witness Raab, "will have an effect of encouraging utilities to promote sub-optimal portfolios of energy efficiency programs designed to maximize their allowed performance incentive rather than the energy efficiency benefits to their customers."[20]

Staff also suggests amending the incentives for four rebate programs. For the Outside Air Reset Controls Program, Staff claims that WGL's proposed incentive exceeds the incremental cost of installation and proposes the incentive be reduced from $880 to $208, or approximately 25% of the incremental cost of the equipment.[21] For the Direct Contact Gas Water Heater Program, Staff recommends that the flat incentive of $8,450 proposed by WGL be replaced with a variable amount, based upon the size of the unit, equal to one dollar per thousand Btu per hour.[22] For the ENERGY STAR Tankless Water Heater and Infrared Heater Programs, Staff recommends that the $500 and $110 rebates be replaced with a variable amount, based upon the size of the unit, equal to two dollars per thousand Btu per hour.[23]

Concerning the Commercial Custom Program, Staff expresses concern with the scale and scope of the program compared to CGV's Business Custom Program. Staff notes that WGL's proposed incentive budget is $1.5 million over three years, compared to CGV's incentive budget of $52,500 over a two-year period.[24] Staff further notes that WGL's Commercial Custom Program could include fifty or more participants per year, compared to CGV's total of fifteen participants over two years.[25] Staff claims that this WGL program alone could cost an average commercial customer $70.86 over the program's three-year duration, in addition to administrative costs and the cost of performance incentives for the program.[26] Staff recommends that, if WGL is allowed to implement the Commercial Custom Program, the Commission limit the program to an annual incentive amount of $26,250 and that WGL verify the installation of all equipment before incentives are awarded.[27]

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[13] *Id*. at 5.

[14] *Id*.

[15] *Id.* at 6-7.

[16] Staff Report at 8-11.

[17] *Id*. at 18.

[18] *Id*. at 19.

[19] *Id*. at 21.

[20] *Id*. at 22.

[21] *Id.* at 23.

[22] *Id*.

[23] *Id*.

[24] *Id*. at 26.

[25] *Id*.

[26] *Id*. at 27.

[27] *Id*. at 28-29.

Staff also takes issue with WGL's proposed calculation of the CRA, the purpose of which is to adjust annual billed non-gas distribution revenue to what the CARE Act defines as the Allowed Distribution Revenue ("ADR") per customer class participating in the CARE Plan.[28] Staff explains that the basis for the ADR, as required by the CARE Act, is the class revenue numbers and class Cost of Service ("COS") Study from a utility's last rate case. According to Staff, the last COS Study, revenue apportionment, and rate design that WGL developed were based on the whole C&I and the whole GMA rate classes, with no numbers specifically calculated for "small" C&I and GMA customers.[29] Staff believes that WGL's approach, which backs out customer count and revenues associated with the "large" C&I and GMA customers from the monthly ADRs, is unsatisfactory because such a calculation would not necessarily result in "the same monthly ADRs that would have been computed in the last rate case had the [c]lass COS [S]tudy separated costs out to these newly defined subsets of customers, and the revenue apportionment and rate design been developed accordingly."[30] Staff urges that, if the Commission accepts WGL's plan to define subsets of existing C&I and GMA customers, the Commission also require the Company, in its next rate filing due by February 1, 2011, to develop an alternative class COS Study and alternative rate design using small C&I, small GMA, large C&I, and large GMA classes.[31]

Concerning the CCA, the sales adjustment clause, Staff suggests that the costs associated with any newly approved programs be collected through a separate CCA for C&I and GMA customers independent of that already approved for residential customers.[32] Addressing the proposed performance incentive, Staff urges that the usage reduction targets be updated to reflect those programs the Commission approves for the small C&I and small GMA customers.[33]

Finally, Staff comments on the duration of the CARE Plan amendments. Staff notes the current CARE programs for residential customers started May 1, 2010, and WGL requests the amended programs for eligible commercial and industrial customers begin November 1, 2010. Staff urges the Commission, if it approves the amended CARE programs, to move the effective date of the amendments to start upon Commission approval but end upon the expiration of the previously approved CARE programs.[34]

WGL's Response opposes most of Staff's and Consumer Counsel's concerns and recommendations. The Company agrees to Staff's request to calculate separately the CCAs for residential customers and for small C&I and GMA customers eligible to participate in the CARE programs.[35] WGL argues that its definition of "large" C&I and GMA customers is consistent with a prior Commission Order approving a 30,000 therm threshold for Shenandoah Gas Company customers and is consistent with the intent of the CARE Act, which itself does not define what are "large" commercial and industrial customers.[36] The Company also claims that it is not creating a new "class" of customers because WGL's tariff already includes a block rate for customers that use 30,000 or more therms per month.[37] WGL asserts that its position is more in keeping with the language and intent of the CARE Act and would allow approximately 24,800 customers to participate in the CARE Plan, versus the Staff position that would exclude all C&I and GMA customers from participation.[38]

The Company also objects to the suggestion that its proposal creates rate discrimination, stating that "there is no *unreasonable* difference in the rates between Washington Gas's small and large commercial customers."[39] The Company asserts that small and large commercial customers are not "like" customers because of differences in their usage, which can be seen in the use of different distribution charges for various customer rate blocks. Further, WGL claims that any distinction between customers is not rate discrimination but is consistent with the intent of the CARE Act.[40]

WGL argues against Staff's suggestion that the Company defer consideration of the CARE amendment proposal until February 1, 2011, when WGL makes its next general rate filing. The Company claims that, as there is no period by which the Commission must make a decision on a rate filing, putting off consideration of the amendment "would thwart the 'time certain' 120-day period provided in the CARE Act" for a decision on the CARE amendment.[41] Concerning Staff's request to align the annual true-up for the respective residential and commercial CARE programs, WGL suggests that there is no benefit to this suggestion since the true-ups will be calculated separately.[42]

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[28] *Id*. at 29.

[29] *Id*. at 30.

[30] *Id*. at 30-31.

[31] *Id*. at 32.

[32] *Id*. at 33.

[33] *Id*. at 33-34.

[34] *Id*. at 35.

[35] WGL Response at 4.

[36] WGL Response at 5-6 (citing *Application of Shenandoah Gas Company, For authority to increase its rates and charges for gas service and to revise its tariffs*, Case No. PUE-1997-00616, 1998 S.C.C. Ann. Rept. 375, Final Order (July 16, 1998)).

[37] *Id*. at 8.

[38] *Id*.

[39] *Id*. at 9 (emphasis in original).

[40] *Id*. at 10.

[41] *Id*. at 11.

[42] *Id*. at 12.

Finally, WGL defends its portfolio and proposed budget amounts as cost-effective. The Company agrees with the Staff's suggestion to alter the incentive for the Outside Air Reset Control Program to $208, but it disagrees with the Staff's other proposals to make certain individual program incentives variable. WGL notes that its incentives "are based on the Company's expertise and marketing experience with its commercial customers" and argues that higher incentives encourage participation.[43] Similarly, concerning the Commercial Custom Program, WGL notes that the reduction in budget suggested by Staff would drastically limit customer participation.[44]

NOW THE COMMISSION, based upon the record, is of the opinion and finds as follows:

The threshold issue in this case is whether WGL's proposed CARE Plan amendment meets the requirements of the CARE Act, specifically § 56-602 A, which allows CARE Plan participants to "include one or more residential, small commercial, or small general service classes" but excludes "large commercial or large industrial classes of customers." Further, § 56-602 B requires the Commission to approve or deny a CARE Plan "that allocates annual per-customer fixed costs on an intra-class basis in reliance upon a revenue study or class cost of service study supporting the rates in effect at the time the plan is filed." Section 56-602 C provides that "[t]he Commission shall approve such a plan or amendment if it finds that the plan's or amendment's proposed decoupling mechanism is revenue-neutral, is consistent with this chapter [Chapter 25 of Title 56], and is otherwise in the public interest, including any findings required by § 56-235.2 or 56-235.6."

WGL's approved tariff does not currently include separate rate schedules for "small" and "large" C&I and GMA classes of customers. Further, the class COS Study and revenue apportionment performed in WGL's last rate case did not account for separate "small" and "large" commercial rate classes. WGL's proposed solution, backing out the customer count and revenue numbers associated with the subsets of large C&I and large GMA customers from the monthly allowed distribution revenues,[45] is not a sufficient substitute for a class COS Study including separate "small" and "large" classes of C&I and GMA customers. Such a calculation would not necessarily result in the same monthly ADRs produced using a class COS Study including the costs of these separate customer classes. Accordingly, we cannot approve WGL's proposed CARE Plan amendment at this time.[46] Our ruling will not inordinately delay small C&I and GMA customers from participation in CARE programs because WGL can amend its tariff to include distinctive "small" and "large" commercial customer classes, as required by the CARE Act, and perform a class COS Study including these additional rate classes in its next rate case, scheduled to be filed in a few months, by February 1, 2011.[47]

The CARE Act requires, where the Commission is denying a proposed CARE amendment, that it state specifically the reasons for such denial.[48] Accordingly, we offer the following as guidance for future amendments.

As an additional preliminary matter, it is unclear whether the GMA class should be treated as a residential, commercial, or industrial class of customers under the CARE Act. We note that for this filing WGL appears to treat the GMA class as a form of commercial customer class. A future filing should clarify how GMA customers are being treated for purposes of the CARE Act, either as residential, commercial, or industrial customers, and the basis for this treatment.

In general, in any CARE filing we note a preference for each utility to provide its own assumptions and analysis. This provides a utility the opportunity to develop and recommend programs that are best suited to its customers and the dynamics of its service territory. The programs developed for one utility may not necessarily be the best choice or in the public interest for another. Further, more granularity in describing proposed programs and the assumptions behind them will assist the Commission in considering and making the findings required by the CARE Act.

In particular, concerning program cost allocation, WGL states that there are approximately $600,000 in proposed program costs that it cannot allocate among the separate proposed programs, representing approximately 27% of the total cost WGL seeks to recover through this filing. However, failure to include program costs in cost/benefit calculations can tend to inflate individual program ratios. Where possible, program costs should be allocated or assigned to individual programs for inclusion in the cost/benefit tests. Where the Company believes this is not possible, it should provide a list of program costs by category with an explanation why these costs cannot be allocated to individual programs.[49]

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[43] *Id*. at 13-14.

[44] *Id.*

[45] Section 56-600 defines "allowed distribution revenue" as "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."

[46] This ruling is also consistent with our prior ruling in a case concerning Virginia Natural Gas, Inc's CARE Plan, where we found that "'[t]he statute speaks in terms of the residential, small commercial, small general service, large commercial and large industrial classes of customers. . . . [T]he Act does not permit the Commission to create subsets of classes within the residential class as identified by statute.'" *Application of Virginia Natural Gas, Inc., For approval to implement a natural gas conservation and ratemaking efficiency plan including a decoupling mechanism and to record accounting entries associated with such mechanism*, Case No. PUE-2008-00060, 2008 S.C.C. Ann. Rept. 566, 572, Order Approving Natural Gas Conservation and Ratemaking Efficiency Plan (Dec. 23, 2008) (quoting, in part, the comments of Consumer Counsel).

[47] *Application of Washington Gas Light Company, For a general increase in rates, fees, charges and revisions to the terms and conditions of service as well as approval of a performance-based rate regulation methodology under Va. Code § 56-235.6*, Case No. PUE-2006-00059, 2007 S.C.C. Ann. Rept. 315, 318-19, Final Order (Sept. 19, 2007). As noted in the Final Order, the February 1, 2011 filing must include a class COS Study already, so it should not be burdensome to the Company to perform such a study including the "small" and "large" class designations.

[48] Va. Code § 56-602 B.

[49] We also note, with regard to cost/benefit tests, that a score of 1.0 means that the cost of a program does not exceed its benefits, *i.e.*, it is a break-even score. For a program with a cost/benefit result at or barely surpassing 1.0 without the inclusion of program costs, including such costs may render the program not cost effective.

We also stress that cost/benefit tests must be performed for all proposed programs. We cannot find programs to be "cost-effective conservation and energy efficiency programs" unless we can analyze them "using the Total Resource Cost Test, the Societal Test, the Program Administrator Test, the Participant Test, the Rate Impact Measure Test, and any other test" we find appropriate.[50] The CARE Act mandates that CARE programs be cost-effective before they can be approved by the Commission. Moreover, the burden of proof is on the applicant to show its proposed CARE programs are cost-effective. In cases such as the Commercial Custom Program, no cost/benefit tests were performed by WGL even though the Company anticipated spending more than $1.5 million on this program alone. Where proposed program costs are uncertain due to the flexible nature of the program, smaller trial programs that can be enlarged after proven effective may best ensure that customer dollars are spent wisely. The program costs incurred for the Commercial Custom Program should also be set at a level that prevents imposing an unreasonable cost burden on those commercial and industrial customers who do not participate in the CARE Plan. The impacts on participating and non-participating customers should also be clearly identified.

Additional concerns with the Commercial Custom Program include the Company's proposal for random auditing to verify that the customer has installed the equipment for which a rebate application has been received. In such a program where each customer proposal is unique, all equipment installations and project savings should be verified before rebates are given. The programs should also analyze free ridership percentages and estimates of thermal savings, as well as the potential for excluding some customer-proposed energy efficiency measures that involve fuel switching and those that would result in customers meeting, rather than exceeding, applicable energy code criteria or standard industry practice.

As for rebates, in at least one proposed program, the Outside Air Reset Controls Program, the initial rebate of $880 may exceed the incremental cost of installing the controls, providing participants a windfall. WGL agreed to reduce the proposed incentive to $208, as recommended by Staff. We also agree with this recommendation. CARE programs should not be designed to provide windfalls to certain customers paid for by other customers, but rather to provide them "with long-term, meaningful opportunities to more efficiently consume natural gas and mitigate their expenditures for the natural gas commodity . . ." and to "enhance the utility bill savings that customers receive when they reduce their natural gas use."[51] Additionally, for the Direct Contact Water Heater Program, ENERGY STAR Tankless Water Heater Programs, and Infrared Heat Program, WGL proposed flat rebate amounts for these programs. Since customer savings may vary based upon the size of the qualifying units installed through the programs, the size of the incentives for these programs should be similarly varied, as recommended by Staff. Where practicable, correlating rebates with energy savings is appropriate where those savings will vary.

Finally, the WGL-proposed CARE Plan amendment did not include updated usage reduction targets to reflect the additional CARE Plan programs in its performance incentive mechanism. These targets should be updated to reflect usage savings for any proposed CARE program in a future filing with the Commission. Implementation of amendments should also be in synchronization with CARE Plan programs already approved so that annual true-ups will coincide.

Based upon the foregoing, accordingly, IT IS ORDERED THAT:

(1) WGL's Application is denied.

(2) This matter is continued pending further order of the Commission.

[50] Va. Code § 56-600, definition of "Cost-effective conservation and energy efficiency program." See also *Commonwealth of Virginia, State Corporation Commission, Report to the Governor of the Commonwealth of Virginia and the Virginia General Assembly*, "Report: Study to Determine Achievable and Cost-effective Demand-side Management Portfolios Administered by Generating Electric Utilities in the Commonwealth Pursuant to Chapters 752 and 855 of the 2009 Acts of the Virginia General Assembly" at 33 (Nov. 15, 2009).

[51] Va. Code § 56-601 A 4 and A 6.

CASE NO. PUE-2010-00080
OCTOBER 20, 2010

APPLICATION OF
CENTRAL VIRGINIA ELECTRIC COOPERATIVE

For authority pursuant to Chapter 3 of Title 56 to finance ownership interests in Cannelton and Smithland hydroelectric generation projects

ORDER GRANTING AUTHORITY

On July 23, 2010, Central Virginia Electric Cooperative ("CVEC" or "Cooperative") filed with the State Corporation Commission ("Commission") an application for authority to finance ownership interests in two (2) run-of-river hydroelectric generation projects currently under development on the Ohio River by American Municipal Power ("Application"). Specifically, pursuant to Chapter 3 of Title 56 of the Code of Virginia, Va. Code § 56-55 *et seq.* ("Chapter 3"), CVEC requests Commission approval to obtain a loan in the amount of $84,000,000 from the Rural Utilities Services ("RUS") and for interim financing for the period prior to approval of the RUS loan. These funds would be used to finance an 8.9% interest in both the Cannelton and Smithland hydroelectric projects (collectively, the "Hydro Facilities"), with CVEC's share of these facilities estimated to total 14.6 megawatts ("MW") of nominal capacity.[1]

[1] It is estimated that Cannelton will have a rated capacity of 88 MW, of which 7.8 MW will be owned by CVEC, and Smithland will have a rated capacity of 76 MW, of which 6.8 MW will be owned by CVEC. Both projects are located in Kentucky. *See* Direct Testimony of Gary E. Wood at 3.

The Application indicates that CVEC is currently developing a diversified mix of power supply through short- and long-term contracts to replace the power supplied under an existing purchase power contract that will expire on May 12, 2012.[2] Once operational, the Application indicates that the power generated from the Hydro Facilities will satisfy approximately ten percent of the Cooperative members' energy needs based on 2007 purchases.[3] The Application indicates that, with the full impact of the loan, CVEC's financial ratios would drop below the minimum levels in the Cooperative's mortgage agreement and below Board-approved financial goals.[4] CVEC states further that it plans to file for approval for an increase in rates through a general rate case application with the Commission and include interest expense on the loan in its base rates for electricity.[5]

On August 6, 2010, the Commission issued an Order For Notice and Comment and Extending Time for Review ("Docketing Order"). Among other things, the Docketing Order: (1) extended, through November 7, 2010, the period for Commission review of the Application; (2) directed that notice be provided to all Cooperative members; (3) allowed the opportunity for interested persons to file comments on the Application; (4) directed the Cooperative to file testimony and exhibits in support of its Application; and (5) directed the Commission's Staff ("Staff") to investigate and file a report on the Application. Additionally, although the Docketing Order did not establish an evidentiary hearing on the Application, a date was reserved for such a hearing in the event the Commission subsequently determined one to be necessary. In extending the period for Commission review of the Application, the Commission indicated that the extension would, among other things, allow CVEC to provide evidence in support of its decision to pursue the Hydro Facilities instead of other power supply options.

In response to the Commission's Docketing Order, two comments were filed on the Application, both of which expressed opposition to, or displeasure with, the prospect of an increase in electric rates. No notices of participation and no requests for a hearing on the Application were filed. On September 23, 2010, the Cooperative filed proof of the notice required by the Docketing Order.

On September 2, 2010, CVEC filed the direct testimony of its President and Chief Executive Officer, Gary E. Wood. Mr. Wood states that in 2008, CVEC developed a long-term strategy for power supply procurement. CVEC's strategic plan supports the development of a diverse portfolio of assets and contracts to address the risk associated with securing CVEC's entire power supply needs in a single contract, and then having full exposure to the market at the completion of the contract.[6] According to CVEC, ownership in the Hydro Facilities will provide a long-term, fifty-year asset that will provide a hedge against fuel costs and carbon risk for its entire life span.[7] CVEC indicates further that, although investment in the Hydro Facilities will not provide the lowest cost of energy in the first year of commercial operation, ownership in the facilities will meet its long-term ownership position goal at a reasonable cost over the facilities' lifetime.[8] Finally, Mr. Wood notes that Clean Renewable Energy Bonds might also be available for a portion of the project financing.[9]

On October 1, 2010, the Staff filed a report summarizing the results of its investigation of CVEC's Application. Staff indicates that the impact of the Hydro Facilities on the Cooperative's financial metrics will be pronounced, although the severity of the impact will depend on the timing of the debt issuances.[10] As such, Staff believes it to be likely that CVEC's lenders would expect CVEC to implement a plan to improve its financial position, with such plan including additional revenues in the form of a rate increase. In this regard, Staff notes that CVEC has filed notice with the Commission of the Cooperative's intention to file for a general rate case in October of 2010, at the earliest.[11]

Additionally, the Staff Report concludes that CVEC undertook a significant analysis of the Hydro Facilities that weighed the pros and cons of the facilities while deciding to move forward in acquiring capacity from those facilities. Based on its investigation, Staff indicates that it appears CVEC decided that the intrinsic value of the Hydro Facilities as a renewable resource in its larger portfolio of resources coupled with the prospect of lower long-term operating costs outweighed the potential higher initial costs that may be associated with the facilities.[12]

Finally, Staff indicates that the National Rural Utilities Cooperative Financing Corporation ("CFC") has approved a Bridge Financing Facility ("CFC Bridge Loan") commitment term sheet that provides for an interim financing vehicle for the Hydro Facilities, contingent on regulatory approvals.[13]

Staff recommends that, should the Commission find that the Application satisfies the legal requirements for approval under Chapter 3: (1) the $84,000,000 RUS guaranteed loan should be approved under the terms and conditions as stated in the Application; (2) the $84,000,000 CFC Bridge Loan should be approved; and (3) borrowings under the two loan agreements should be expressly limited to an aggregate of $84,000,000. Additionally, Staff

[2] *See* Application, Exhibit A at 1.

[3] *Id.*

[4] *Id.* at 6.

[5] *Id.*

[6] *See* Direct Testimony of Gary E. Wood at 5.

[7] *Id.*

[8] *Id.*

[9] *Id.* at 6.

[10] Staff Report at 5-6.

[11] *Id.* at 7.

[12] *Id.* at 7-16.

[13] *Id.* at 4.

recommends that, in the event CVEC receives an allocation of Clean Renewable Energy Bonds and decides to use those bonds to finance a portion of the Hydro Facilities, CVEC should seek additional authority from the Commission prior to the issuance of any such bonds.[14]

On October 4, 2010, CVEC filed a letter notifying the Commission that CVEC would not file any rebuttal testimony and requesting that the Commission reach a decision on the Application based on the existing record.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that approval of the RUS guaranteed loan and interim financing facility, under the limitations recommended by Staff, is reasonably necessary to carry out one or more of the purposes set forth in the Application.[15]

Va. Code § 56-58 of Chapter 3 limits the purposes for which a public service company may issue debt payable at periods of twelve months or more. Those purposes include the acquisition of property, construction of facilities, and maintenance of service.

Va. Code § 56-61 provides the standard that must be applied by the Commission in this proceeding under Chapter 3:

> [W]hen the application sets forth that such securities are to be issued or such obligations or liabilities are to be assumed for any purpose set forth in § 56-58, and the Commission so finds, it shall approve the application and issue the order applied for unless the Commission shall find, for reasons stated by it, that the issuance of such securities or the assumption of such obligations or liabilities is not reasonably necessary to carry out one or more of the purposes set forth in the application. The Commission may by its order grant permission for any such issuance or assumption in the amount or on the terms applied for, or in a less amount, or on different terms, or not at all, and may include in its order such terms and conditions fairly relating to the matter of such issuance or assumption as it may deem reasonable or necessary. Whenever the Commission refuses, in whole or in part, an application to issue securities or assume obligations or liabilities, or grants such an application with modifications, it shall state specifically its reasons so that such refusal or modifications may be reviewed judicially on appeal….

As we have previously recognized, potential rate impact is relevant to the Commission's consideration of whether a request is "reasonably necessary" under this provision of Chapter 3.[16]

Specifically, the high capital costs of the transaction underlying CVEC's request represent a critical part of our analysis under Chapter 3. The decision by CVEC's Board and management to acquire the Hydro Facilities will put upward pressure on the Cooperative's costs – and thus, potentially, its customers' rates – at a time of continuing economic hardship. This is a concern that we do not take lightly. However, we cannot disregard that CVEC finds itself with the need to replace, by June 1, 2012, its entire portfolio of supply resources, all of which is "well below current market prices."[17] The absence of any long- or intermediate-term supply resources as of June 1, 2012, placed CVEC in a precarious position, with impending supply rates subject solely, and all at once, to the wholesale market.[18] This exposure was compounded by the fact that current market prices are materially higher than CVEC's existing supply prices. Based on the facts presented in this case, we cannot conclude, for purposes of our review under Chapter 3, that CVEC's requested approval "is not reasonably necessary to carry out one or more of the purposes set forth in the [A]pplication."[19] However, given the concerns raised by the current proposal, the Commission fully expects CVEC to pursue all least-cost supply alternatives for the portion of CVEC's load not to be served by the Hydro Facilities, both prior to and upon their completion.

We emphasize that our approval herein is based on the specific facts presented in this case. Although our decision is based on the entire record in this proceeding, it is primarily CVEC's particular circumstances that weigh in favor of granting the requested financing approvals, subject to the limitations recommended by Staff.[20]

Finally, as recommended by Staff, our approval herein is limited to approval of debt financing up to an aggregate amount of $84,000,000 for purposes of acquiring an ownership interest in the Hydro Facilities.[21] In addition to the limitation recommended by Staff, we direct CVEC to provide regular updates on the Hydro Facilities for the purpose of keeping the Commission informed. This information will allow the progress of the Hydro Facilities to be monitored by Staff in a timely manner.

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[14] *Id.* at 16.

[15] We find that the written record in this docket is adequate for us to evaluate CVEC's Application. Accordingly, establishment of an evidentiary hearing in this matter is unnecessary.

[16] *See, e.g., Application of Virginia Electric and Power Company and Dominion Resources, Inc., For expedited approval of authority to issue up to $3 billion in common stock to parent under Chapters 3 and 4 of the Code of Virginia of 1950, as amended*, Case No. PUE-2009-00100, 2009 S.C.C. Ann. Rept. 538, 540, Order Granting Approval at 7 (Oct. 30, 2009).

[17] Staff Report at 2.

[18] Direct Testimony of Gary E. Wood at 6.

[19] Va. Code § 56-61.

[20] We find it unnecessary in this case to rule on issues regarding potential Clean Renewable Energy Bonds issuances, as those bonds were not proposed for approval in CVEC's Application.

[21] CVEC has not requested, and we do not approve, a specific percentage of ownership in the Hydro Facilities by CVEC.

Accordingly, IT IS ORDERED THAT:

(1) CVEC is authorized to incur, in the aggregate, up to $84,000,000 in debt obligations from an RUS guaranteed loan, under the terms and conditions and for the purposes stated in its Application, and from a CFC Bridge Loan, under the terms and conditions and for the purposes stated in the Staff Report.

(2) Within thirty (30) days of the date of any advance of funds from the RUS guaranteed loan or CFC Bridge Loan, the Cooperative shall file with the Commission's Division of Economics and Finance a report of action, which shall include the amount of the advance, the interest rate, and the interest rate term.

(3) On or before March 1, 2011, and every six (6) months thereafter, CVEC shall file with the Commission's Divisions of Economics and Finance and Energy Regulation a report regarding the construction progress of the Hydro Facilities, whether the projects are within the expected budget, and the level of any variances from the expected budget.

(4) The authority granted herein shall have no implications for ratemaking purposes.

(5) There appearing nothing further to be done in this matter, it hereby is dismissed.

CASE NO. PUE-2010-00082
AUGUST 13, 2010

APPLICATION OF
CENTRAL VIRGINIA ELECTRIC COOPERATIVE

For authority to incur indebtedness

ORDER GRANTING AUTHORITY

On July 27, 2010, Central Virginia Electric Cooperative ("Central Virginia" or "Cooperative") filed an application with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia for authority to borrow up to $6,563,055 from the National Rural Utilities Cooperative Financing Corporation ("CFC"). Central Virginia has paid the requisite fee of $250.

Central Virginia is seeking authority to borrow $6,563,055 from CFC to retire, prior to maturity, a like amount of debt currently outstanding with the Rural Utilities Services ("RUS"). There are no prepayment penalties associated with the early retirement of the RUS debt. The new CFC debt will be structured as 16 distinct loans, each with a different maturity and corresponding interest rate. The loans will have a maturity of no more than 16 years. The interest rates associated with the debt will be fixed over the life of the new debt. According to the analysis provided in its application, Central Virginia expects to realize over $330,000 in interest savings over the 16-year life of the new debt. Moreover, Central Virginia will generate over $237,000 in additional cash flow as a result of CFC patronage capital.

THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

(1) Central Virginia is authorized to incur up to $6,563,055 in debt obligations from the CFC, 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 CFC, the Cooperative shall file with the Commission's Division of Economics and Finance a report of action, which shall include the amount of the advance, the interest rate, and the interest rate term.

(3) The authority granted herein shall have no implications for ratemaking purposes.

(4) There appearing nothing further to be done in this matter, it hereby is dismissed.

CASE NO. PUE-2010-00083
AUGUST 26, 2010

APPLICATION OF
APPALACHIAN NATURAL GAS DISTRIBUTION COMPANY

For approval of a Firm Transportation Service Tariff

ORDER GRANTING MOTION AND DISMISSING PROCEEDING

On March 17, 2010, Appalachian Natural Gas Distribution Company ("ANGD" or "Company") delivered a proposed Firm Transportation Service Rate Schedule, Schedule FTS ("FTS Filing") to the State Corporation Commission ("Commission"), which ANGD requested the Commission to accept on an administrative basis as a new rate. Thereafter, the Company was advised by the Commission Staff that its FTS Filing was incomplete.

On July 27, 2010, Paramont Energy, LC ("Paramont"), filed a letter request ("Request") asking the Commission to initiate a formal investigation of the FTS Filing, and after public notice to affected parties and opportunity for hearing, to determine what terms and conditions of transportation service are appropriate for ANGD's transportation service in Wise County, Virginia. On August 6, 2010, Paramont supplemented its Request ("August 6, 2010 Filing") and advised, among other things, that the FTS Filing may affect other potential customers in ANGD's Wise County service territory.

On August 12, 2010, the Commission entered an Order that docketed the proceeding, invited ANGD to file on or before September 10, 2010, its response to Paramont's Request and August 6, 2010 Filing, and directed Paramont to file any reply it intended to offer to ANGD's response on or before September 17, 2010.

On August 16, 2010, ANGD, by counsel, filed a Motion to Withdraw ("Motion") its FTS Filing and requested that the Commission terminate this proceeding.

On August 19, 2010, Paramont, by counsel, advised that it would not be filing a response to ANGD's Motion.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that, good cause having been shown, ANGD's Motion should be granted; the Company should be permitted to withdraw its FTS Filing; and this case should be dismissed.

Accordingly, IT IS ORDERED THAT:

(1) ANGD's Motion is hereby granted, and the Company may withdraw its FTS Filing.

(2) This case shall be dismissed from the Commission's docket of active proceedings, and the papers filed herein shall be placed in the Commission's file for ended causes.

CASE NO. PUE-2010-00085
DECEMBER 17, 2010

APPLICATION OF
CENTRAL VIRGINIA ELECTRIC COOPERATIVE

For approval of a 100% Renewable Energy Tariff

ORDER APPROVING TARIFF

On July 30, 2010, Central Virginia Electric Cooperative ("CVEC" or the "Cooperative") filed an Application[1] for approval of its proposed Rider R for 100% renewable electric service ("Rider R") with the Virginia State Corporation Commission ("Commission") pursuant to the General Assembly's recently enacted § 56-577 A 6 of the Code of Virginia ("Code"). The Code provides that a cooperative may make a tariff for electric energy provided 100% from renewable energy available to one or more classes of its residential customers if the cooperative provides undifferentiated electric energy, retires a quantity of renewable energy certificates ("RECs") equal to 100% of the electric energy provided pursuant to such tariff, and makes appropriate disclosures regarding the RECs. The Code further provides that a cooperative must "disclose to its retail customers who express an interest in purchasing energy pursuant to such tariff (i) that the renewable energy is comprised of the retirement of renewable energy certificates, (ii) the identity of the entity providing the renewable energy certificates, and (iii) the sources of renewable energy being offered."

According to CVEC, Rider R would be available on a voluntary basis as a "companion rate" to any customer who contracts with the Cooperative for the purchase and retirement of RECs equal to all of the customer's monthly metered kilowatt hour ("kWh") consumption under an existing Cooperative Rate Schedule. CVEC also stated that Rider R would be available to any residential class customers with a consumption charge immediately upon approval by the Commission and available to any nonresidential class customers on a similar basis on and after July 1, 2012.

CVEC further stated that the customer may terminate billing under Rider R by giving the Cooperative at least thirty (30) days' prior notice. After receiving such notice, the Cooperative would terminate billing under Rider R effective with, or prior to, the customer's next meter read date. The Cooperative reserved the right to terminate Rider R or revise the pricing or minimum purchase amount after giving sixty (60) days' prior notice. According to the Cooperative, Rider R would not affect service taken by a customer under an existing applicable Rate Schedule.

Renewable energy charges for the Cooperative's Rider R would be in addition to all other charges due under the Cooperative's Terms and Conditions and the Rate Schedule applicable to the customer's service. Under proposed Rider R, the Renewable Energy Rate ("R") would be equal to $0.015 per kWh. The customer's total bill, including R, would never be less than zero.

On September 9, 2010, the Commission entered its Order for Notice and Comment that, among other things, docketed the Cooperative's Application; directed the Cooperative to provide notice of the Application to customers; provided interested persons an opportunity to comment on the Application; directed the Commission Staff ("Staff") to file comments on the Application; and provided the Cooperative with an opportunity to respond to the Staff's comments or to any filed comments by interested persons.

On October 14, 2010, public comments regarding the Application were filed by Mr. Robert Vanderhye, Green kW Energy, Inc. ("Green kW Energy"), Red Barn Trading, and the Old Mill Power Company ("Old Mill Power"). In his comments, Mr. Vanderhye questioned the sufficiency of the Cooperative's disclosure of information associated with Rider R. He stated:

> The Rider provides only that this information will be provided in the infrequent magazine published by the cooperative, and "upon request." Most people never read the magazine, and most people would not know to

[1] Application for Approval of 100% Renewable Tariff, Case No. PUE-2010-00085, Doc. Con. Cen. No. 100740194 (July 30, 2010) ("Application").

> request the information. The source of the RECs and the source of the renewable energy itself should both be provided along with ANY AND ALL SOLICITATIONS associated with the program, and should also be provided on monthly bills. Only in this way will the information specified by the Legislature truly make its way into the hands of the customers.[2]

In its Comments, Green kW Energy stated that it believes the Application is inappropriate because it would give an unfair advantage over independent developers of renewable power projects and would discourage the development of such projects in Virginia.[3] Red Barn Trading requested in its comments that the Commission deny the Cooperative's Application because Rider R "(i) is inconsistent with the Commission's previous rulings on what renewable energy is; (ii) is in conflict with federal consumer protection law regarding deceptive labeling; and (iii) is in conflict with federal anti-trust law protecting small merchants like us from unfair competition."[4] Old Mill Power argued in its comments that Rider R (i) conflicts with federal consumer protection and federal anti-trust laws; (ii) is potentially deceptive to customers and thereby could divert sales of renewable energy and RECs from other vendors to the Cooperative; (iii) is not necessary for the Cooperative to conduct sales of RECs or renewable energy; (iv) is contrary to the public interest; (v) violates the Equal Protection Clause of the Fourteenth Amendment to the United States Constitution;[5] (vi) will not make renewable energy more available to customers or to the market generally; and (vii) is bad for Virginia's economy.[6]

On October 28, 2010, the Staff filed its report ("Staff Report") on Rider R's consistency with § 56-577 A 6 of the Code and on Rider R's technical soundness.[7] Staff suggested that the title of Rider R, "100% RENEWABLE ELECTRIC SERVICE," could lead to confusion about the actual service being offered and suggested that the Cooperative rename the tariff "to '100% RENEWABLE ENERGY ATTRIBUTES ELECTRIC SERVICE,' 'ELECTRIC SERVICE BACKED 100% BY RENEWABLE ENERGY CERTIFICATES' or some other moniker that more clearly recognizes the role renewable energy certificates play under this service, as is described in the body of the proposed tariff."[8] Staff also stated that Rider R's Availability and Applicability clause should be amended to the following:

> This Rider is available on a voluntary basis as a "companion rate" to any residential Customer who contracts with the Cooperative for the purchase and retirement of renewable energy attributes ("Renewable Energy") for all of the Customer's monthly consumption under an existing Cooperative Rate Schedule.[9]

Staff's proposed amendment deletes from Rider R's Availability and Applicability clause the sentence "[t]his Rider is available to residential class Customers immediately and available to any nonresidential class Customers on and after July 1, 2012."[10] According to Staff, this sentence may lead to confusion because "the proposed service would only be available to residential customers at this time and the Cooperative must make a filing after July 1, 2012, to provide this service to non-residential customers in accordance with § 56-577 A 6 of the Code."[11] Finally, Staff determined that the proposed pricing and disclosure provisions of the tariff are acceptable.[12]

On November 4, 2010, CVEC filed its Rebuttal Comments of the Electric Cooperatives ("Rebuttal Comments").[13] In its Rebuttal Comments, CVEC considered the Staff Report "properly and appropriately constrained to examination of the Applications and Riders under the terms of Va. Code § 56-577."[14] CVEC agreed with Staff's recommended modification of Rider R's Availability and Applicability clause but also suggested the addition of the

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[2] Comments of Robert Vanderhye, Case No. PUE-2010-00085, Doc. Con. Cen. No. 101020227 (Oct. 14, 2010). (Typographical errors in original corrected. Emphasis in original.)

[3] Comments of Green kW Energy, Case No. PUE-2010-00085, Doc. Con. Cen. No. 101020227 (Oct. 14, 2010).

[4] Comments of Red Barn Trading, Case No. PUE-2010-00085, Doc. Con. Cen. No. 101020227 (Oct. 14, 2010) ("Red Barn Trading Comments").

[5] U.S. Const., amend. 14, § 1.

[6] Comments of Old Mill Power, Case No. PUE-2010-00085, Doc. Con. Cen. No. 101020237 (Oct. 14, 2010) ("Old Mill Power Comments").

[7] Staff Report, Case No. PUE-2010-00085, Doc. Con. Cen. No. 101050029 at 3 (Oct. 28, 2010) (amended by Memorandum, Case No. PUE-2010-00085, Doc. Con. Cen. No. 101110102 (Nov. 3, 2010)).

[8] *Id.*

[9] *Id.* at 4.

[10] *Id.*

[11] *Id.* (emphasis in original).

[12] *Id.* at 5.

[13] Nine electric cooperatives filed Rebuttal Comments collectively in individual and substantively identical proceedings seeking Commission approval of tariffs filed pursuant to § 56-577 A 6 of the Code. The nine cooperatives and the corresponding case numbers of the renewable energy tariff proceedings are as follows: Mecklenburg Electric Cooperative (PUE-2010-00066), BARC Electric Cooperative (PUE-2010-00067), Shenandoah Valley Electric Cooperative (PUE-2010-00068), Prince George Electric Cooperative (PUE-2010-00069), Northern Virginia Electric Cooperative (PUE-2010-00071), Central Virginia Electric Cooperative (PUE-2010-00085), Northern Neck Electric Cooperative (PUE-2010-00086), A&N Electric Cooperative (PUE-2010-00088), and Southside Electric Cooperative (PUE-2010-00103).

[14] Rebuttal Comments of the Electric Cooperatives, Case No. PUE-2010-00085, Doc. Con. Cen. No. 101110152 at 2-3 (Nov. 4, 2010).

word "class" so that the clause would read, "This Rider is available on a voluntary basis as a 'companion rate' to any *residential class* Customer. . .."[15] CVEC acknowledged that, pursuant to § 56-577 A 6 of the Code, it will need to file an application for approval before offering a similar tariff to nonresidential class customers on or after July 1, 2012. CVEC further stated that it disagreed with Staff's recommended title for the tariff. Instead, CVEC suggested that Rider R be renamed "TARIFF FOR ELECTRIC ENERGY PROVIDED 100 PERCENT FROM RENEWABLE ENERGY" and asserted that this proposed title is a reasonable compromise because it tracks the language of § 56-577 A 6.[16]

Addressing Red Barn Trading's objection to Rider R being described as "100% renewable," CVEC noted that § 56-577 A 6 of the Code allows such tariffs to be offered as renewable energy tariffs and that, accordingly, Rider R is inapposite to tariffs considered by the Commission in Case Nos. PUE-2008-00057 and PUE-2008-00044.[17]

In response to Mr. Vanderhye, CVEC stated that it will make information available about the source of the RECs being used to service Rider R through CVEC's member publication.[18] The Cooperative further stated that it is committed to making the disclosures required by law to its customers.[19]

In response to Green kW Energy, CVEC asserted that tariffs such as Rider R would likely increase the incentive for future renewable energy projects at the wholesale level. The Cooperative stated that approval of Rider R would not prevent Green kW Energy, as a competitor in the marketplace, from marketing its own RECs and renewable energy. According to CVEC, approval of Rider R could instead increase incentives for wholesale green energy products by creating more demand for RECs.[20]

In response to Old Mill Power, CVEC stated that, although Rider R does bundle undifferentiated energy and RECs together, it does not do so in a way that violates federal anti-trust laws. According to the Cooperative, "the Code is clear and unambiguous in that both the undifferentiated energy and the REC must be offered, together, for the tariff to be 'deemed to offer' the 100% renewable electric service described in Va. Code § 56-577.A.6."[21] CVEC further stated that neither Rider R nor the law restricts anyone from buying and selling RECs in the market on his or her own initiative.[22]

Addressing Old Mill Power's assertion that Rider R is potentially deceptive to customers and in violation of federal consumer protection laws, CVEC noted that § 56-577 A 6 of the Code specifically defines the product the Cooperative may offer and the disclosures which must accompany it. CVEC stated that it has made the statutorily required disclosures and will continue to do so.[23] CVEC further stated that Old Mill Power's "contention that the Cooperatives would knowingly deceive and mislead their member-owners is antithetical to the core principles that govern the member-owned utilities."[24] According to the Cooperative, Rider R would not divert money invested in renewable energy away from other vendors and to electric cooperatives. Rather, CVEC asserted that Rider R would add choice to the marketplace and that the Cooperative would look to the broader market to supply the RECs needed to serve the rider. CVEC further asserted that Rider R would create a new demand for RECs and is in the public interest.[25]

Finally, CVEC addressed equal protection concerns raised by Old Mill Power. According to the Cooperative, the interests of customers of investor-owned utilities and cooperative utilities are divergent for purposes of this proceeding. Accordingly, CVEC argued that Rider R, if approved, would not treat similarly situated customers differently so as to give rise to any discrimination or disparate treatment that would violate the Equal Protection Clause

[15] *Id*. at 3-4 (emphasis in original).

[16] *Id*. at 4.

[17] *Id.* at 5. *See also Application of Appalachian Power Company, For Approval of its Renewable Power Rider*, Case No. PUE-2008-00057, 2008 S.C.C. Ann. Rept. 557, Order Approving Tariff (Dec. 8, 2008) (approving Renewable Power Rider but declaring it is not a 100% renewable energy tariff under § 56-577 A 5 of the Code) and *Application of Virginia Electric and Power Company, For Approval of its Renewable Energy Tariff*, Case No. PUE-2008-00044, 2008 S.C.C. Ann. Rept. 539, Order Approving Tariff (Dec. 8, 2008) (approving tariff but declaring it is not a 100% renewable energy tariff under § 56-577 A 5 of the Code).

[18] CVEC's member publication is the *Current Communicator*.

[19] Rebuttal Comments at 6-7. Section 56-577 A 6 of the Code requires the following disclosure:

> A cooperative . . . shall disclose to its retail customers who express an interest in purchasing energy pursuant to such tariff (i) that the renewable energy is comprised of the retirement of renewable energy certificates, (ii) the identity of the entity providing the renewable energy certificates, and (iii) the sources of the renewable energy being offered.

[20] Rebuttal Comments at 7-8.

[21] *Id*. at 8, n.16.

[22] *Id*. at 8-9.

[23] *Id.* at 9-10.

[24] *Id.* at 10.

[25] *Id.* at 10-11.

of the United States Constitution.[26] The Cooperative further asserted that issues raised by Old Mill Power are policy concerns that are more appropriately addressed by the General Assembly.[27]

NOW THE COMMISSION, upon consideration of this matter, approves Rider R subject to the requirements set forth below. We note that § 56-577 A 6 of the Code provides, in relevant part, as follows:

> A tariff for one or more classes of residential customers filed with the Commission for approval by a cooperative on or after July 1, 2010, shall be deemed to offer a tariff for electric energy provided 100 percent from renewable energy if it provides undifferentiated electric energy and the cooperative retires a quantity of renewable energy certificates equal to 100 percent of the electric energy provided pursuant to such tariff. . .. A cooperative offering electric energy provided 100 percent from renewable energy pursuant to this subdivision that involves the retirement of renewable energy certificates shall disclose to its retail customers who express an interest in purchasing energy pursuant to such tariff (i) that the renewable energy is comprised of the retirement of renewable energy certificates, (ii) the identity of the entity providing the renewable energy certificates, and (iii) the sources of renewable energy being offered.

We find that Rider R satisfies the requirements prescribed by § 56-577 A 6 of the Code. Further, we agree with Staff that the disclosure provisions contained in Rider R are adequate.

Title of the Tariff

We agree that the Cooperative's original proposed title for Rider R, "100% RENEWABLE ELECTRIC SERVICE," may generate confusion as to the actual service being offered under the tariff. Further, we do not find that the Cooperative's proposed name change, "TARIFF FOR ELECTRIC ENERGY PROVIDED 100 PERCENT FROM RENEWABLE ENERGY," adequately and clearly describes the service offered under Rider R. Accordingly, we find that Staff's recommendation that the title of the tariff be changed to "100% RENEWABLE ENERGY ATTRIBUTES ELECTRIC SERVICE" or "ELECTRIC SERVICE BACKED 100% BY RENEWABLE ENERGY CERTIFICATES" should be adopted.

Availability and Applicability Clause

We note that § 56-577 A 6 provides as follows:

> A tariff for one or more classes of nonresidential customers filed with the Commission for approval by a cooperative on or after July 1, 2012, shall be deemed to offer a tariff for electric energy provided 100 percent from renewable energy if it provides undifferentiated electric energy and the cooperative retires a quantity of renewable energy certificates equal to 100 percent of the electric energy provided pursuant to such tariff.

We agree with Staff that the following sentence should be deleted from Rider R's Availability and Applicability clause: "[t]his Rider is available to residential class Customers immediately and available to any nonresidential class Customers on and after July 1, 2012." A tariff for nonresidential customers filed pursuant to § 56-577 A 6 must be filed, according to the statute, on or after July 1, 2012. Accordingly, we find that the Cooperative's recommended modification of the Availability and Applicability clause should be adopted to clarify that Rider R is available to residential class customers only.

Federal Law

Old Mill Power raised several concerns regarding federal statutory and constitutional law that it argues renders Rider R unfit for approval. We find that such concerns raised by Old Mill Power do not prohibit approval of this rider, which we have found to be consistent with § 56-577 A 6 of the Code. As argued by CVEC, we find that the Virginia statute is not prohibited by federal law.

Requests for Hearing

In its comments, Red Barn Trading reserved the right to participate in any hearings the Commission might set in this case.[28] Old Mill Power also suggested in its comments that a hearing might be helpful to resolve any disputes over the facts of the case.[29] We find the written record in this docket adequate for us to evaluate CVEC's Application and Rider R. The material facts in this case are not in dispute and, consequently, a hearing is not necessary for their determination.

Accordingly, IT IS HEREBY ORDERED THAT:

(1) CVEC's Application is granted to the extent set forth in this Order Approving Tariff and is otherwise denied.

(2) Rider R is approved subject to the requirements and conditions set forth in this Order Approving Tariff, effective for service to residential customers rendered on and after the date of this Order.

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[26] U.S. Const., amend. 14, § 1.

[27] Rebuttal Comments at 11-12.

[28] Red Barn Trading Comments.

[29] Old Mill Power Comments at 18.

(3) CVEC shall submit its revised Rider R, incorporating the modifications set forth herein, to the Director of the Commission's Division of Energy Regulation within thirty (30) days of the date of this Order.

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

CASE NO. PUE-2010-00086
DECEMBER 17, 2010

APPLICATION OF
NORTHERN NECK ELECTRIC COOPERATIVE

For approval of a 100% Renewable Energy Tariff

ORDER APPROVING TARIFF

On July 30, 2010, Northern Neck Electric Cooperative ("NNEC" or the "Cooperative") filed an Application[1] for approval of its proposed Rider R for 100% renewable electric service ("Rider R") with the Virginia State Corporation Commission ("Commission") pursuant to the General Assembly's recently enacted § 56-577 A 6 of the Code of Virginia ("Code"). The Code provides that a cooperative may make a tariff for electric energy provided 100% from renewable energy available to one or more classes of its residential customers if the cooperative provides undifferentiated electric energy, retires a quantity of renewable energy certificates ("RECs") equal to 100% of the electric energy provided pursuant to such tariff, and makes appropriate disclosures regarding the RECs. The Code further provides that a cooperative must "disclose to its retail customers who express an interest in purchasing energy pursuant to such tariff (i) that the renewable energy is comprised of the retirement of renewable energy certificates, (ii) the identity of the entity providing the renewable energy certificates, and (iii) the sources of renewable energy being offered." On August 5, 2010, NNEC filed a correcting supplement to its Application proposing Schedule RE-1 ("Schedule RE-1") as a substitute to Rider R in the Cooperative's original Application. In its supplemental filing, the Cooperative asserted that Schedule RE-1 conforms to NNEC's existing naming conventions and makes other conforming and non-substantive changes.

According to NNEC, Schedule RE-1 would be available on a voluntary basis as a "companion rate" to any customer who contracts with the Cooperative for the purchase and retirement of RECs equal to all of the customer's monthly metered kilowatt hour ("kWh") consumption under an existing Cooperative Rate Schedule. NNEC also stated that Schedule RE-1 would be available to any residential class customers with a consumption charge immediately upon approval by the Commission and available to any nonresidential class customers on a similar basis on and after July 1, 2012.

NNEC further stated that the customer may terminate billing under Schedule RE-1 by giving the Cooperative at least thirty (30) days' prior notice. After receiving such notice, the Cooperative would terminate billing under Schedule RE-1 effective with, or prior to, the customer's next meter read date. The Cooperative reserved the right to terminate Schedule RE-1 or revise the pricing or minimum purchase amount after giving sixty (60) days' prior notice. According to the Cooperative, Schedule RE-1 would not affect service taken by a customer under an existing applicable Rate Schedule.

Renewable energy charges for the Cooperative's Schedule RE-1 would be in addition to all other charges due under the Cooperative's Terms and Conditions and the Rate Schedule applicable to the customer's service. Under proposed Schedule RE-1, the Renewable Energy Rate ("R") would be equal to $0.015 per kWh. The customer's total bill, including R, would never be less than zero.

On September 9, 2010, the Commission entered its Order for Notice and Comment that, among other things, docketed the Cooperative's Application; directed the Cooperative to provide notice of the Application to customers; provided interested persons an opportunity to comment on the Application; directed the Commission Staff ("Staff") to file comments on the Application; and provided the Cooperative with an opportunity to respond to the Staff's comments or to any filed comments by interested persons.

On October 14, 2010, public comments regarding the Application were filed by Mr. Robert Vanderhye, Green kW Energy, Inc. ("Green kW Energy"), Red Barn Trading, and the Old Mill Power Company ("Old Mill Power"). In his comments, Mr. Vanderhye questioned the sufficiency of the Cooperative's disclosure of information associated with Schedule RE-1. He stated:

> The Rider provides only that this information will be provided in the infrequent magazine published by the cooperative, and "upon request." Most people never read the magazine, and most people would not know to request the information. The source of the RECs and the source of the renewable energy itself should both be provided along with ANY AND ALL SOLICITATIONS associated with the program, and should also be provided on monthly bills. Only in this way will the information specified by the Legislature truly make its way into the hands of the customers.[2]

In its Comments, Green kW Energy stated that it believes the Application is inappropriate because it would give an unfair advantage over independent developers of renewable power projects and would discourage the development of such projects in Virginia.[3] Red Barn Trading requested in its comments that the Commission deny the Cooperative's Application because Schedule RE-1 "(i) is inconsistent with the Commission's previous rulings on what renewable energy is; (ii) is in conflict with federal consumer protection law regarding deceptive labeling; and (iii) is in conflict with federal anti-trust law protecting small merchants like us from unfair competition."[4] Old Mill Power argued in its comments that Schedule RE-1 (i) conflicts with federal consumer

[1] Application for Approval of 100% Renewable Tariff, Case No. PUE-2010-00086, Doc. Con. Cen. No. 100740195 (July 30, 2010) ("Application").

[2] Comments of Robert Vanderhye, Case No. PUE-2010-00086, Doc. Con. Cen. No. 101020228 (Oct. 14, 2010). (Typographical errors in original corrected. Emphasis in original.)

[3] Comments of Green kW Energy, Case No. PUE-2010-00086, Doc. Con. Cen. No. 101020228 (Oct. 14, 2010).

[4] Comments of Red Barn Trading, Case No. PUE-2010-00086, Doc. Con. Cen. No. 101020228 (Oct. 14, 2010) ("Red Barn Trading Comments").

protection and federal anti-trust laws; (ii) is potentially deceptive to customers and thereby could divert sales of renewable energy and RECs from other vendors to the Cooperative; (iii) is not necessary for the Cooperative to conduct sales of RECs or renewable energy; (iv) is contrary to the public interest; (v) violates the Equal Protection Clause of the Fourteenth Amendment to the United States Constitution;[5] (vi) will not make renewable energy more available to customers or to the market generally; and (vii) is bad for Virginia's economy.[6]

On October 28, 2010, the Staff filed its report ("Staff Report") on Schedule RE-1's consistency with § 56-577 A 6 of the Code and on Schedule RE-1's technical soundness.[7] Staff suggested that the title of Schedule RE-1, "100% RENEWABLE ELECTRIC SERVICE," could lead to confusion about the actual service being offered and suggested that the Cooperative rename the tariff "to '100% RENEWABLE ENERGY ATTRIBUTES ELECTRIC SERVICE,' 'ELECTRIC SERVICE BACKED 100% BY RENEWABLE ENERGY CERTIFICATES' or some other moniker that more clearly recognizes the role renewable energy certificates play under this service, as is described in the body of the proposed tariff."[8] Staff also stated that Schedule RE-1's Availability and Applicability clause should be amended to the following:

> This Rider is available on a voluntary basis as a "companion rate" to any residential Customer who contracts with the Cooperative for the purchase and retirement of renewable energy attributes ("Renewable Energy") for all of the Customer's monthly consumption under an existing Cooperative Rate Schedule.[9]

Staff's proposed amendment deletes from Schedule RE-1's Availability and Applicability clause the sentence "[t]his Rider is available to residential class Customers immediately and available to any nonresidential class Customers on and after July 1, 2012."[10] According to Staff, this sentence may lead to confusion because "the proposed service would only be available to residential customers at this time and the Cooperative must make a filing after July 1, 2012, to provide this service to non-residential customers in accordance with § 56-577 A 6 of the Code."[11] Finally, Staff determined that the proposed pricing and disclosure provisions of the tariff are acceptable.[12]

On November 4, 2010, NNEC filed its Rebuttal Comments of the Electric Cooperatives ("Rebuttal Comments").[13] In its Rebuttal Comments, NNEC considered the Staff Report "properly and appropriately constrained to examination of the Applications and Riders under the terms of Va. Code § 56-577."[14] NNEC agreed with Staff's recommended modification of Schedule RE-1's Availability and Applicability clause but also suggested the addition of the word "class" so that the clause would read, "This Rider is available on a voluntary basis as a 'companion rate' to any *residential class* Customer. . .."[15] NNEC acknowledged that, pursuant to § 56-577 A 6 of the Code, it will need to file an application for approval before offering a similar tariff to nonresidential class customers on or after July 1, 2012. NNEC further stated that it disagreed with Staff's recommended title for the tariff. Instead, NNEC suggested that Schedule RE-1 be renamed "TARIFF FOR ELECTRIC ENERGY PROVIDED 100 PERCENT FROM RENEWABLE ENERGY" and asserted that this proposed title is a reasonable compromise because it tracks the language of § 56-577 A 6.[16]

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[5] U.S. Const., amend. 14, § 1.

[6] Comments of Old Mill Power, Case No. PUE-2010-00086, Doc. Con. Cen. No. 101020238 (Oct. 14, 2010) ("Old Mill Power Comments").

[7] Staff Report, Case No. PUE-2010-00086, Doc. Con. Cen. No. 101050032 at 3 (Oct. 28, 2010) (amended by Memorandum, Case No. PUE-2010-00086, Doc. Con. Cen. No. 101110103 (Nov. 3, 2010)).

[8] *Id*.

[9] *Id.* at 4.

[10] *Id*.

[11] *Id*. (emphasis in original).

[12] *Id.* at 4-5.

[13] Nine electric cooperatives filed Rebuttal Comments collectively in individual and substantively identical proceedings seeking Commission approval of tariffs filed pursuant to § 56-577 A 6 of the Code. The nine cooperatives and the corresponding case numbers of the renewable energy tariff proceedings are as follows: Mecklenburg Electric Cooperative (PUE-2010-00066), BARC Electric Cooperative (PUE-2010-00067), Shenandoah Valley Electric Cooperative (PUE-2010-00068), Prince George Electric Cooperative (PUE-2010-00069), Northern Virginia Electric Cooperative (PUE-2010-00071), Central Virginia Electric Cooperative (PUE-2010-00085), Northern Neck Electric Cooperative (PUE-2010-00086), A&N Electric Cooperative (PUE-2010-00088), and Southside Electric Cooperative (PUE-2010-00103).

[14] Rebuttal Comments of the Electric Cooperatives, Case No. PUE-2010-00086, Doc. Con. Cen. No. 101110153 at 2-3 (Nov. 4, 2010).

[15] *Id*. at 3-4 (emphasis in original).

[16] *Id*. at 4.

Addressing Red Barn Trading's objection to Schedule RE-1 being described as "100% renewable," NNEC noted that § 56-577 A 6 of the Code allows such tariffs to be offered as renewable energy tariffs and that, accordingly, Schedule RE-1 is inapposite to tariffs considered by the Commission in Case Nos. PUE-2008-00057 and PUE-2008-00044.[17]

In response to Mr. Vanderhye, NNEC argued that the Cooperative periodical has a high percentage of readership and that the disclosure information provided by the Cooperative through this publication is sufficient to satisfy the disclosure requirements of § 56-577 A.[18]

In response to Green kW Energy, NNEC asserted that tariffs such as Schedule RE-1 would likely increase the incentive for future renewable energy projects at the wholesale level. The Cooperative stated that approval of Schedule RE-1 would not prevent Green kW Energy, as a competitor in the marketplace, from marketing its own RECs and renewable energy. According to NNEC, approval of Schedule RE-1 could instead increase incentives for wholesale green energy products by creating more demand for RECs.[19]

In response to Old Mill Power, NNEC stated that, although Schedule RE-1 does bundle undifferentiated energy and RECs together, it does not do so in a way that violates federal anti-trust laws. According to the Cooperative, "the Code is clear and unambiguous in that both the undifferentiated energy and the REC must be offered, together, for the tariff to be 'deemed to offer' the 100% renewable electric service described in Va. Code § 56-577.A.6."[20] NNEC further stated that neither Schedule RE-1 nor the law restricts anyone from buying and selling RECs in the market on his or her own initiative.[21]

Addressing Old Mill Power's assertion that Schedule RE-1 is potentially deceptive to customers and in violation of federal consumer protection laws, NNEC noted that § 56-577 A 6 of the Code specifically defines the product the Cooperative may offer and the disclosures which must accompany it. NNEC stated that it has made the statutorily required disclosures and will continue to do so.[22] NNEC further stated that Old Mill Power's "contention that the Cooperatives would knowingly deceive and mislead their member-owners is antithetical to the core principles that govern the member-owned utilities."[23] According to the Cooperative, Schedule RE-1 would not divert money invested in renewable energy away from other vendors and to electric cooperatives. Rather, NNEC asserted that Schedule RE-1 would add choice to the marketplace and that the Cooperative would look to the broader market to supply the RECs needed to serve the rider. NNEC further asserted that Schedule RE-1 would create a new demand for RECs and is in the public interest.[24]

Finally, NNEC addressed equal protection concerns raised by Old Mill Power. According to the Cooperative, the interests of customers of investor-owned utilities and cooperative utilities are divergent for purposes of this proceeding. Accordingly, NNEC argued that Schedule RE-1, if approved, would not treat similarly situated customers differently so as to give rise to any discrimination or disparate treatment that would violate the Equal Protection Clause of the United States Constitution.[25] The Cooperative further asserted that issues raised by Old Mill Power are policy concerns that are more appropriately addressed by the General Assembly.[26]

NOW THE COMMISSION, upon consideration of this matter, approves Schedule RE-1 subject to the requirements set forth below. We note that § 56-577 A 6 of the Code provides, in relevant part, as follows:

> A tariff for one or more classes of residential customers filed with the Commission for approval by a cooperative on or after July 1, 2010, shall be deemed to offer a tariff for electric energy provided 100 percent from renewable energy if it provides undifferentiated electric energy and the cooperative retires a quantity of renewable energy certificates equal to 100 percent of the electric energy provided pursuant to such tariff. . .. A cooperative offering electric energy provided 100 percent from renewable energy pursuant to this subdivision

[17] *Id.* at 5. *See also Application of Appalachian Power Company, For Approval of its Renewable Power Rider*, Case No. PUE-2008-00057, 2008 S.C.C. Ann. Rept. 557, Order Approving Tariff (Dec. 8, 2008) (approving Renewable Power Rider but declaring it is not a 100% renewable energy tariff under § 56-577 A 5 of the Code) and *Application of Virginia Electric and Power Company, For Approval of its Renewable Energy Tariff*, Case No. PUE-2008-00044, 2008 S.C.C. Ann. Rept. 539, Order Approving Tariff (Dec. 8, 2008) (approving tariff but declaring it is not a 100% renewable energy tariff under § 56-577 A 5 of the Code).

[18] Rebuttal Comments at 6-7. Section 56-577 A 6 of the Code requires the following disclosure:

> A cooperative . . . shall disclose to its retail customers who express an interest in purchasing energy pursuant to such tariff (i) that the renewable energy is comprised of the retirement of renewable energy certificates, (ii) the identity of the entity providing the renewable energy certificates, and (iii) the sources of the renewable energy being offered.

[19] Rebuttal Comments at 7-8.

[20] *Id*. at 8, n.16.

[21] *Id*. at 8-9.

[22] *Id.* at 9-10.

[23] *Id.* at 10.

[24] *Id.* at 10-11.

[25] U.S. Const., amend. 14, § 1.

[26] Rebuttal Comments at 11-12.

> that involves the retirement of renewable energy certificates shall disclose to its retail customers who express an interest in purchasing energy pursuant to such tariff (i) that the renewable energy is comprised of the retirement of renewable energy certificates, (ii) the identity of the entity providing the renewable energy certificates, and (iii) the sources of renewable energy being offered.

We find that Schedule RE-1 satisfies the requirements prescribed by § 56-577 A 6 of the Code. Further, we agree with Staff that the disclosure provisions contained in Schedule RE-1 are adequate.

Title of the Tariff

We agree that the Cooperative's original proposed title for Schedule RE-1, "100% RENEWABLE ELECTRIC SERVICE," may generate confusion as to the actual service being offered under the tariff. Further, we do not find that the Cooperative's proposed name change, "TARIFF FOR ELECTRIC ENERGY PROVIDED 100 PERCENT FROM RENEWABLE ENERGY," adequately and clearly describes the service offered under Schedule RE-1. Accordingly, we find that Staff's recommendation that the title of the tariff be changed to "100% RENEWABLE ENERGY ATTRIBUTES ELECTRIC SERVICE" or "ELECTRIC SERVICE BACKED 100% BY RENEWABLE ENERGY CERTIFICATES" should be adopted.

Availability and Applicability Clause

We note that § 56-577 A 6 provides as follows:

> A tariff for one or more classes of nonresidential customers filed with the Commission for approval by a cooperative on or after July 1, 2012, shall be deemed to offer a tariff for electric energy provided 100 percent from renewable energy if it provides undifferentiated electric energy and the cooperative retires a quantity of renewable energy certificates equal to 100 percent of the electric energy provided pursuant to such tariff.

We agree with Staff that the following sentence should be deleted from Schedule RE-1's Availability and Applicability clause: "[t]his Rider is available to residential class Customers immediately and available to any nonresidential class Customers on and after July 1, 2012." A tariff for nonresidential customers filed pursuant to § 56-577 A 6 must be filed, according to the statute, on or after July 1, 2012. Accordingly, we find that the Cooperative's recommended modification of the Availability and Applicability clause should be adopted to clarify that Schedule RE-1 is available to residential class customers only.

Federal Law

Old Mill Power raised several concerns regarding federal statutory and constitutional law that it argues renders Schedule RE-1 unfit for approval. We find that such concerns raised by Old Mill Power do not prohibit approval of this rider, which we have found to be consistent with § 56-577 A 6 of the Code. As argued by NNEC, we find that the Virginia statute is not prohibited by federal law.

Requests for Hearing

In its comments, Red Barn Trading reserved the right to participate in any hearings the Commission might set in this case.[27] Old Mill Power also suggested in its comments that a hearing might be helpful to resolve any disputes over the facts of the case.[28] We find the written record in this docket adequate for us to evaluate NNEC's Application and Schedule RE-1. The material facts in this case are not in dispute and, consequently, a hearing is not necessary for their determination.

Accordingly, IT IS HEREBY ORDERED THAT:

(1) NNEC's Application is granted to the extent set forth in this Order Approving Tariff and is otherwise denied.

(2) Schedule RE-1 is approved subject to the requirements and conditions set forth in this Order Approving Tariff, effective for service to residential customers rendered on and after the date of this Order.

(3) NNEC shall submit its revised Schedule RE-1, incorporating the modifications set forth herein, to the Director of the Commission's Division of Energy Regulation within thirty (30) days of the date of this Order.

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

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[27] Red Barn Trading Comments.

[28] Old Mill Power Comments at 18.

CASE NO. PUE-2010-00088
DECEMBER 17, 2010

APPLICATION OF
A&N ELECTRIC COOPERATIVE

For approval of a 100% Renewable Energy Tariff

ORDER APPROVING TARIFF

On August 5, 2010, A&N Electric Cooperative ("A&N" or the "Cooperative") filed an Application[1] for approval of its proposed Rider R for 100% renewable electric service ("Rider R") with the Virginia State Corporation Commission ("Commission") pursuant to the General Assembly's recently enacted § 56-577 A 6 of the Code of Virginia ("Code"). The Code provides that a cooperative may make a tariff for electric energy provided 100% from renewable energy available to one or more classes of its residential customers if the cooperative provides undifferentiated electric energy, retires a quantity of renewable energy certificates ("RECs") equal to 100% of the electric energy provided pursuant to such tariff, and makes appropriate disclosures regarding the RECs. The Code further provides that a cooperative must "disclose to its retail customers who express an interest in purchasing energy pursuant to such tariff (i) that the renewable energy is comprised of the retirement of renewable energy certificates, (ii) the identity of the entity providing the renewable energy certificates, and (iii) the sources of renewable energy being offered."

According to A&N, Rider R would be available on a voluntary basis as a "companion rate" to any customer who contracts with the Cooperative for the purchase and retirement of RECs equal to all of the customer's monthly metered kilowatt hour ("kWh") consumption under an existing Cooperative Rate Schedule. A&N also stated that Rider R would be available to any residential class customers with a consumption charge immediately upon approval by the Commission and available to any nonresidential class customers on a similar basis on and after July 1, 2012.

A&N further stated that the customer may terminate billing under Rider R by giving the Cooperative at least thirty (30) days' prior notice. After receiving such notice, the Cooperative would terminate billing under Rider R effective with, or prior to, the customer's next meter read date. The Cooperative reserved the right to terminate Rider R or revise the pricing or minimum purchase amount after giving sixty (60) days' prior notice. According to the Cooperative, Rider R would not affect service taken by a customer under an existing applicable Rate Schedule.

Renewable energy charges for the Cooperative's Rider R would be in addition to all other charges due under the Cooperative's Terms and Conditions and the Rate Schedule applicable to the customer's service. Under proposed Rider R, the Renewable Energy Rate ("R") would be equal to $0.015 per kWh. The customer's total bill, including R, would never be less than zero.

On September 9, 2010, the Commission entered its Order for Notice and Comment that, among other things, docketed the Cooperative's Application; directed the Cooperative to provide notice of the Application to customers; provided interested persons an opportunity to comment on the Application; directed the Commission Staff ("Staff") to file comments on the Application; and provided the Cooperative with an opportunity to respond to the Staff's comments or to any filed comments by interested persons.

On October 14, 2010, public comments regarding the Application were filed by Mr. Robert Vanderhye, Green kW Energy, Inc. ("Green kW Energy"), Red Barn Trading, and the Old Mill Power Company ("Old Mill Power"). In his comments, Mr. Vanderhye questioned the sufficiency of the Cooperative's disclosure of information associated with Rider R. He stated:

> The Rider provides only that this information will be provided in the infrequent magazine published by the cooperative, and "upon request." Most people never read the magazine, and most people would not know to request the information. The source of the RECs and the source of the renewable energy itself should both be provided along with ANY AND ALL SOLICITATIONS associated with the program, and should also be provided on monthly bills. Only in this way will the information specified by the Legislature truly make its way into the hands of the customers.[2]

In its Comments, Green kW Energy stated that it believes the Application is inappropriate because it would give an unfair advantage over independent developers of renewable power projects and would discourage the development of such projects in Virginia.[3] Red Barn Trading requested in its comments that the Commission deny the Cooperative's Application because Rider R "(i) is inconsistent with the Commission's previous rulings on what renewable energy is; (ii) is in conflict with federal consumer protection law regarding deceptive labeling; and (iii) is in conflict with federal anti-trust law protecting small merchants like us from unfair competition."[4] Old Mill Power argued in its comments that Rider R (i) conflicts with federal consumer protection and federal anti-trust laws; (ii) is potentially deceptive to customers and thereby could divert sales of renewable energy and RECs from other vendors to the Cooperative; (iii) is not necessary for the Cooperative to conduct sales of RECs or renewable energy; (iv) is contrary to the public interest; (v) violates the Equal Protection Clause of the Fourteenth Amendment to the United States Constitution;[5] (vi) will not make renewable energy more available to customers or to the market generally; and (vii) is bad for Virginia's economy.[6]

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[1] Application for Approval of 100% Renewable Tariff, Case No. PUE-2010-00088, Doc. Con. Cen. No. 100820170 (Aug. 5, 2010) ("Application").

[2] Comments of Robert Vanderhye, Case No. PUE-2010-00088, Doc. Con. Cen. No. 101020229 (Oct. 14, 2010). (Typographical errors in original corrected. Emphasis in original.)

[3] Comments of Green kW Energy, Case No. PUE-2010-00088, Doc. Con. Cen. No. 101020229 (Oct. 14, 2010).

[4] Comments of Red Barn Trading, Case No. PUE-2010-00088, Doc. Con. Cen. No. 101020229 (Oct. 14, 2010) ("Red Barn Trading Comments").

[5] U.S. Const., amend. 14, § 1.

[6] Comments of Old Mill Power, Case No. PUE-2010-00088, Doc. Con. Cen. No. 101020239 (Oct. 14, 2010) ("Old Mill Power Comments").

On October 28, 2010, the Staff filed its report ("Staff Report") on Rider R's consistency with § 56-577 A 6 of the Code and on Rider R's technical soundness.[7] Staff suggested that the title of Rider R, "100% RENEWABLE ELECTRIC SERVICE," could lead to confusion about the actual service being offered and suggested that the Cooperative rename the tariff "to '100% RENEWABLE ENERGY ATTRIBUTES ELECTRIC SERVICE,' 'ELECTRIC SERVICE BACKED 100% BY RENEWABLE ENERGY CERTIFICATES' or some other moniker that more clearly recognizes the role renewable energy certificates play under this service, as is described in the body of the proposed tariff."[8] Staff also stated that Rider R's Availability and Applicability clause should be amended to the following:

> This Rider is available on a voluntary basis as a "companion rate" to any residential Customer who contracts with the Cooperative for the purchase and retirement of renewable energy attributes ("Renewable Energy") for all of the Customer's monthly consumption under an existing Cooperative Rate Schedule.[9]

Staff's proposed amendment deletes from Rider R's Availability and Applicability clause the sentence "[t]his Rider is available to residential class Customers immediately and available to any nonresidential class Customers on and after July 1, 2012."[10] According to Staff, this sentence may lead to confusion because "the proposed service would only be available to residential customers at this time and the Cooperative must make a filing after July 1, 2012, to provide this service to non-residential customers in accordance with § 56-577 A 6 of the Code."[11] Finally, Staff determined that the proposed pricing and disclosure provisions of the tariff are acceptable.[12]

On November 4, 2010, A&N filed its Rebuttal Comments of the Electric Cooperatives ("Rebuttal Comments").[13] In its Rebuttal Comments, A&N considered the Staff Report "properly and appropriately constrained to examination of the Applications and Riders under the terms of Va. Code § 56-577."[14] A&N agreed with Staff's recommended modification of Rider R's Availability and Applicability clause but also suggested the addition of the word "class" so that the clause would read, "This Rider is available on a voluntary basis as a 'companion rate' to any *residential class* Customer. . .."[15] A&N acknowledged that, pursuant to § 56-577 A 6 of the Code, it will need to file an application for approval before offering a similar tariff to nonresidential class customers on or after July 1, 2012. A&N further stated that it disagreed with Staff's recommended title for the tariff. Instead, A&N suggested that Rider R be renamed "TARIFF FOR ELECTRIC ENERGY PROVIDED 100 PERCENT FROM RENEWABLE ENERGY" and asserted that this proposed title is a reasonable compromise because it tracks the language of § 56-577 A 6.[16]

Addressing Red Barn Trading's objection to Rider R being described as "100% renewable," A&N noted that § 56-577 A 6 of the Code allows such tariffs to be offered as renewable energy tariffs and that, accordingly, Rider R is inapposite to tariffs considered by the Commission in Case Nos. PUE-2008-00057 and PUE-2008-00044.[17]

In response to Mr. Vanderhye, A&N argued that the Cooperative periodical has a high percentage of readership and that the disclosure information provided by the Cooperative through this publication is sufficient to satisfy the disclosure requirements of § 56-577 A.[18]

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[7] Staff Report, Case No. PUE-2010-00088, Doc. Con. Cen. No. 101050027 at 3 (Oct. 28, 2010) (amended by Memorandum, Case No. PUE-2010-00088, Doc. Con. Cen. No. 101110104 (Nov. 3, 2010)).

[8] *Id*.

[9] *Id.* at 4.

[10] *Id*.

[11] *Id*. (emphasis in original).

[12] *Id.* at 4-5.

[13] Nine electric cooperatives filed Rebuttal Comments collectively in individual and substantively identical proceedings seeking Commission approval of tariffs filed pursuant to § 56-577 A 6 of the Code. The nine cooperatives and the corresponding case numbers of the renewable energy tariff proceedings are as follows: Mecklenburg Electric Cooperative (PUE-2010-00066), BARC Electric Cooperative (PUE-2010-00067), Shenandoah Valley Electric Cooperative (PUE-2010-00068), Prince George Electric Cooperative (PUE-2010-00069), Northern Virginia Electric Cooperative (PUE-2010-00071), Central Virginia Electric Cooperative (PUE-2010-00085), Northern Neck Electric Cooperative (PUE-2010-00086), A&N Electric Cooperative (PUE-2010-00088), and Southside Electric Cooperative (PUE-2010-00103).

[14] Rebuttal Comments of the Electric Cooperatives, Case No. PUE-2010-00088, Doc. Con. Cen. No. 101110154 at 2-3 (Nov. 4, 2010).

[15] *Id*. at 3-4 (emphasis in original).

[16] *Id*. at 4.

[17] *Id.* at 5. *See also Application of Appalachian Power Company, For Approval of its Renewable Power Rider*, Case No. PUE-2008-00057, 2008 S.C.C. Ann. Rept. 557, Order Approving Tariff (Dec. 8, 2008) (approving Renewable Power Rider but declaring it is not a 100% renewable energy tariff under § 56-577 A 5 of the Code) and *Application of Virginia Electric and Power Company, For Approval of its Renewable Energy Tariff*, Case No. PUE-2008-00044, 2008 S.C.C. Ann. Rept. 539, Order Approving Tariff (Dec. 8, 2008) (approving tariff but declaring it is not a 100% renewable energy tariff under § 56-577 A 5 of the Code).

[18] Rebuttal Comments at 6-7. Section 56-577 A 6 of the Code requires the following disclosure:

In response to Green kW Energy, A&N asserted that tariffs such as Rider R would likely increase the incentive for future renewable energy projects at the wholesale level. The Cooperative stated that approval of Rider R would not prevent Green kW Energy, as a competitor in the marketplace, from marketing its own RECs and renewable energy. According to A&N, approval of Rider R could instead increase incentives for wholesale green energy products by creating more demand for RECs.[19]

In response to Old Mill Power, A&N stated that, although Rider R does bundle undifferentiated energy and RECs together, it does not do so in a way that violates federal anti-trust laws. According to the Cooperative, "the Code is clear and unambiguous in that both the undifferentiated energy and the REC must be offered, together, for the tariff to be 'deemed to offer' the 100% renewable electric service described in Va. Code § 56-577.A.6."[20] A&N further stated that neither Rider R nor the law restricts anyone from buying and selling RECs in the market on his or her own initiative.[21]

Addressing Old Mill Power's assertion that Rider R is potentially deceptive to customers and in violation of federal consumer protection laws, A&N noted that § 56-577 A 6 of the Code specifically defines the product the Cooperative may offer and the disclosures which must accompany it. A&N stated that it has made the statutorily required disclosures and will continue to do so.[22] A&N further stated that Old Mill Power's "contention that the Cooperatives would knowingly deceive and mislead their member-owners is antithetical to the core principles that govern the member-owned utilities."[23] According to the Cooperative, Rider R would not divert money invested in renewable energy away from other vendors and to electric cooperatives. Rather, A&N asserted that Rider R would add choice to the marketplace and that the Cooperative would look to the broader market to supply the RECs needed to serve the rider. A&N further asserted that Rider R would create a new demand for RECs and is in the public interest.[24]

Finally, A&N addressed equal protection concerns raised by Old Mill Power. According to the Cooperative, the interests of customers of investor-owned utilities and cooperative utilities are divergent for purposes of this proceeding. Accordingly, A&N argued that Rider R, if approved, would not treat similarly situated customers differently so as to give rise to any discrimination or disparate treatment that would violate the Equal Protection Clause of the United States Constitution.[25] The Cooperative further asserted that issues raised by Old Mill Power are policy concerns that are more appropriately addressed by the General Assembly.[26]

NOW THE COMMISSION, upon consideration of this matter, approves Rider R subject to the requirements set forth below. We note that § 56-577 A 6 of the Code provides, in relevant part, as follows:

> A tariff for one or more classes of residential customers filed with the Commission for approval by a cooperative on or after July 1, 2010, shall be deemed to offer a tariff for electric energy provided 100 percent from renewable energy if it provides undifferentiated electric energy and the cooperative retires a quantity of renewable energy certificates equal to 100 percent of the electric energy provided pursuant to such tariff. . .. A cooperative offering electric energy provided 100 percent from renewable energy pursuant to this subdivision that involves the retirement of renewable energy certificates shall disclose to its retail customers who express an interest in purchasing energy pursuant to such tariff (i) that the renewable energy is comprised of the retirement of renewable energy certificates, (ii) the identity of the entity providing the renewable energy certificates, and (iii) the sources of renewable energy being offered.

We find that Rider R satisfies the requirements prescribed by § 56-577 A 6 of the Code. Further, we agree with Staff that the disclosure provisions contained in Rider R are adequate.

Title of the Tariff

We agree that the Cooperative's original proposed title for Rider R, "100% RENEWABLE ELECTRIC SERVICE," may generate confusion as to the actual service being offered under the tariff. Further, we do not find that the Cooperative's proposed name change, "TARIFF FOR ELECTRIC ENERGY PROVIDED 100 PERCENT FROM RENEWABLE ENERGY," adequately and clearly describes the service offered under Rider R. Accordingly, we find that Staff's recommendation that the title of the tariff be changed to "100% RENEWABLE ENERGY ATTRIBUTES ELECTRIC SERVICE" or "ELECTRIC SERVICE BACKED 100% BY RENEWABLE ENERGY CERTIFICATES" should be adopted.

> A cooperative . . . shall disclose to its retail customers who express an interest in purchasing energy pursuant to such tariff (i) that the renewable energy is comprised of the retirement of renewable energy certificates, (ii) the identity of the entity providing the renewable energy certificates, and (iii) the sources of the renewable energy being offered.

[19] Rebuttal Comments at 7-8.

[20] *Id*. at 8, n.16.

[21] *Id*. at 8-9.

[22] *Id*. at 9-10.

[23] *Id.* at 10.

[24] *Id.* at 10-11.

[25] U.S. Const., amend. 14, § 1.

[26] Rebuttal Comments at 11-12.

Availability and Applicability Clause

We note that § 56-577 A 6 provides as follows:

> A tariff for one or more classes of nonresidential customers filed with the Commission for approval by a cooperative on or after July 1, 2012, shall be deemed to offer a tariff for electric energy provided 100 percent from renewable energy if it provides undifferentiated electric energy and the cooperative retires a quantity of renewable energy certificates equal to 100 percent of the electric energy provided pursuant to such tariff.

We agree with Staff that the following sentence should be deleted from Rider R's Availability and Applicability clause: "[t]his Rider is available to residential class Customers immediately and available to any nonresidential class Customers on and after July 1, 2012." A tariff for nonresidential customers filed pursuant to § 56-577 A 6 must be filed, according to the statute, on or after July 1, 2012. Accordingly, we find that the Cooperative's recommended modification of the Availability and Applicability clause should be adopted to clarify that Rider R is available to residential class customers only.

Federal Law

Old Mill Power raised several concerns regarding federal statutory and constitutional law that it argues renders Rider R unfit for approval. We find that such concerns raised by Old Mill Power do not prohibit approval of this rider, which we have found to be consistent with § 56-577 A 6 of the Code. As argued by A&N, we find that the Virginia statute is not prohibited by federal law.

Requests for Hearing

In its comments, Red Barn Trading reserved the right to participate in any hearings the Commission might set in this case.[27] Old Mill Power also suggested in its comments that a hearing might be helpful to resolve any disputes over the facts of the case.[28] We find the written record in this docket adequate for us to evaluate A&N's Application and Rider R. The material facts in this case are not in dispute and, consequently, a hearing is not necessary for their determination.

Accordingly, IT IS HEREBY ORDERED THAT:

(1) A&N's Application is granted to the extent set forth in this Order Approving Tariff and is otherwise denied.

(2) Rider R is approved subject to the requirements and conditions set forth in this Order Approving Tariff, effective for service to residential customers rendered on and after the date of this Order.

(3) A&N shall submit its revised Rider R, incorporating the modifications set forth herein, to the Director of the Commission's Division of Energy Regulation within thirty (30) days of the date of this Order.

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

[27] Red Barn Trading Comments.

[28] Old Mill Power Comments at 18.

CASE NO. PUE-2010-00089
AUGUST 20, 2010

APPLICATION OF
MECKLENBURG ELECTRIC COOPERATIVE

For authority to incur indebtedness

ORDER GRANTING AUTHORITY

On August 9, 2010, Mecklenburg Electric Cooperative ("Mecklenburg" 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 up to $9,075,786 from the National Rural Utilities Cooperative Financing Corporation ("CFC"). Mecklenburg has paid the requisite fee of $250.

Mecklenburg is seeking authority to borrow $9,075,786 from CFC to retire, prior to maturity, a like amount of debt currently outstanding with the Rural Utilities Services ("RUS"). There are no prepayment penalties associated with the early retirement of the RUS debt. The new CFC debt will be structured as 14 distinct loans, each with a different maturity and corresponding interest rate. The loans will have a maturity of no more than 14 years. The interest rates associated with the debt will be fixed over the life of the new debt. According to the analysis provided in its application, Mecklenburg expects to generate over $800,000 in additional cash flow as a result of interest savings and increased CFC patronage capital.

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) Mecklenburg is authorized to incur up to $9,075,786 in debt obligations from the CFC, 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 CFC, the Cooperative shall file with the Commission's Division of Economics and Finance a report of action, which shall include the amount of the advance, the interest rate, and the interest rate term.

(3) The authority granted herein shall have no implications for ratemaking purposes.

(4) There appearing nothing further to be done in this matter, it hereby is dismissed.

CASE NO. PUE-2010-00090
AUGUST 20, 2010

APPLICATION OF
CRAIG-BOTETOURT ELECTRIC COOPERATIVE

For authority to incur indebtedness

ORDER GRANTING AUTHORITY

On August 10, 2010, Craig-Botetourt Electric Cooperative ("Craig-Botetourt" 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 up to $6,563,055 from the National Rural Utilities Cooperative Financing Corporation ("CFC"). Craig-Botetourt has paid the requisite fee of $250.

Craig-Botetourt is seeking authority to borrow $3,505,742.33 from CFC to retire, prior to maturity, a like amount of debt currently outstanding with the Rural Utilities Services ("RUS"). There are no prepayment penalties associated with the early retirement of the RUS debt. The new CFC debt will be structured as 17 distinct loans, each with a different maturity and corresponding interest rate. The loans will have a maturity of no more than 17 years. The interest rates associated with the debt will be fixed over the life of the new debt. According to the analysis provided in its application, Craig-Botetourt expects to generate over $336,000 in additional cash flow as a result of interest savings and increased CFC patronage capital.

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) Craig-Botetourt is authorized to incur up to $3,505,742.33 in debt obligations from the CFC, 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 CFC, the Cooperative shall file with the Commission's Division of Economics and Finance a report of action, which shall include the amount of the advance, the interest rate, and the interest rate term.

(3) The authority granted herein shall have no implications for ratemaking purposes.

(4) There appearing nothing further to be done in this matter, it hereby is dismissed.

CASE NO. PUE-2010-00092
AUGUST 31, 2010

APPLICATION OF
RAPPAHANNOCK ELECTRIC COOPERATIVE

For authority to incur indebtedness

ORDER GRANTING AUTHORITY

On August 12, 2010, 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 up to $91.8 million from the Rural Utilities Service ("RUS"). Rappahannock has paid the requisite fee of $25.

The loan will have a term of thirty-five (35) years. Approximately $12.6 million of the proceeds will be used to fund the construction of Rappahannock's new Culpeper district office while the balance will be used to fund Rappahannock's 2009-2012 work plan. The proceeds used to finance the Culpeper district office will be fixed at the prevailing rate at the time of drawdown while the proceeds used to finance the work plan will be fixed at 5%. The Cooperative will have five (5) years to drawdown the $91.8 million.

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 $91.8 million in debt obligations from RUS, 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 RUS, the Cooperative shall file with the Commission's Division of Economics and Finance a report of action, which shall include the amount of the advance, the interest rate and the interest rate term.

(3) The authority granted herein shall have no implications for ratemaking purposes.

(4) There appearing nothing further to be done in this matter, it hereby is dismissed.

CASE NO. PUE-2010-00093
OCTOBER 15, 2010

APPLICATION OF
OLD DOMINION ELECTRIC COOPERATIVE

For acceptance of notice of election to abandon voluntary bidding program

ORDER ACCEPTING NOTICE

By its filing dated August 13, 2010, Old Dominion Electric Cooperative ("ODEC" or "Cooperative"), a wholesale electric power supplier to eleven Member Cooperatives providing retail power supply in service territories throughout the Commonwealth of Virginia, notified the State Corporation Commission ("Commission") that it was "hereby formally abandoning its bidding program, effective as of the day this notice is filed."[1] ODEC noted that it had voluntarily established, on behalf of its Member Cooperatives, a bidding program in 1991 that conformed to the Commission's rules[2] and had, over the years, issued a number of requests for proposals under those rules or, in other instances, had sought exemption from the application of said rules.[3]

The Cooperative explained that a key factor in maintaining the bidding process was to provide a way to administer the Member Cooperatives' obligations under the federal Public Utility Regulatory Policies Act ("PURPA")[4] to make purchases from Qualifying Facilities ("QFs").[5] ODEC further advised that due to changes in "the wholesale power supply market and certain changes in the law, ODEC no longer needs to operate under the Commission's bid program rules."[6] Accordingly, it was notifying the Commission of its intention to abandon its bidding program.

ODEC also explained its intentions for future dealings with QFs absent its bidding program. ODEC advised that the Federal Energy Regulatory Commission ("FERC") had issued a letter order relieving the Cooperative, on behalf of its Member Cooperatives, of its obligation to enter into contracts with QFs that have a net capacity over 20 megawatts.[7] Those QFs with capacity greater than 100 kilowatts but less than 20 megawatts would negotiate any sales of electricity with the individual Member Cooperative or, at the Member Cooperative's request, ODEC would negotiate on the Member Cooperative's behalf. Such negotiations would be conducted pursuant to Commission Rule 20 VAC 5-300-30, *Final order; implementing federal rules concerning cogeneration and small power production facilities*. Those QFs with capacity less than 100 kilowatts would be subject to each Member Cooperative's tariff setting the prices for such purchases.

NOW THE COMMISSION, being sufficiently advised, accepts ODEC's notice that it has formally abandoned its voluntary bidding program.[8] As we noted in our Final Order in Case No. PUE-2008-00078, "The Bidding Rules do not require the Company to obtain the Commission's approval prior to abandoning its voluntary Bidding Program."[9] We further state, as we did in our Final Order in Case No. PUE-2008-00078, that each electric company has a

[1] *Application for Acceptance of Notice of Election to Abandon Voluntary Bidding Program* ("Application"), at 1. The Member Cooperatives include: A&N Electric Cooperative, BARC Electric Cooperative, Community Electric Cooperative, Mecklenburg Electric Cooperative, Northern Neck Electric Cooperative, Prince George Electric Cooperative, Rappahannock Electric Cooperative, Shenandoah Valley Electric Cooperative, and Southside Electric Cooperative in Virginia; Choptank Electric Cooperative in Maryland; and Delaware Electric Cooperative in Delaware.

[2] Codified at 20 VAC 5-301-10 *et seq.*

[3] Application at 2.

[4] Public Law 95-617, Title II, § 210, 92 Stat. 3144, 16 USCS § 824a-3.

[5] ODEC Letter to William H. Chambliss, General Counsel, Office of General Counsel, Virginia State Corporation Commission, at 1 (Sept. 27, 2010).

[6] Application at 2.

[7] Old Dominion Electric Cooperative, F.E.R.C. Issuance 20100108-3017, Docket Nos. QM09-7-000 and QM09-7-001 (Jan. 8, 2010).

[8] This Order Accepting Notice does not address potential obligations of ODEC's member cooperatives attendant to any federal requirements regarding offers of capacity.

[9] *Application of Virginia Electric and Power Company, Notification to the Commission of election to abandon the Company's bidding program and application to revise its cogeneration tariff pursuant to PURPA Section 210,* Final Order at 8 (May 18, 2010).

duty to meet electricity supply obligations to customers reasonably and prudently and that, "[i]n making such determination, evidence relating to the costs and other attributes of competitive alternatives – such as other technologies for self-build options, contracts for purchased power, or other alternatives – may be relevant in determining the reasonableness or prudence of any self-build proposal."[10]

Accordingly, IT IS ORDERED THAT:

(1) ODEC's August 13, 2010 Application is accepted.

(2) The Application is granted.

(3) This case is dismissed.

[10] *Id*. at 8-9.

CASE NO. PUE-2010-00094
OCTOBER 19, 2010

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

ORDER GRANTING APPROVAL

On August 17, 201 0, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP" or "Applicant") filed an application ("Application") with the State Corporation Commission ("Commission") 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 ("Affiliates Act") of the Code of Virginia ("Code"). In the Application, KU/ODP references two (2) related cases that are pending before the Commission. In Case No. PUE-2010-00060 ("Transfer Case"),[1] KU/ODP, among others, is seeking approval pursuant to Chapter 5 of Title 56 ("Utility Transfers Act") of the Code to transfer KU/ODP from E.ON AG ("E.ON") to PPL Corporation ("PPL"). In Case No. PUE-2010-00061,[2] KU/ODP is seeking approval, pursuant to Chapter 3 of Title 56 of the Code, to refinance and restructure KU/ODP's existing debt.

In the instant Application, KU/ODP represents that it seeks approval of certain affiliate agreements that it plans to execute upon the successful change in control contemplated in the Transfer Case. Specifically, KU/ODP requests that the Commission enter an order: (1) approving a new tax allocation agreement ("PPL Agreement") between KU/ODP and PPL and its affiliates, which grants KU/ODP authority to participate in the consolidated tax allocations pursuant to the provisions of the PPL Agreement; (2) approving affiliate loans from PPL Investment Corporation ("PPL Investment") and authorizing KU/ODP to issue notes to PPL Investment with the same principal amounts, terms, conditions, and interest rates as KU/ODP's existing Fidelia Corporation notes, except that the new notes would lack "make whole" provisions and could be prepaid at par plus accrued interest at any time rather than just on interest payment dates ; and (3) approving KU/ODP's entrance into an insurance agreement ("Insurance Agreement") with PPL Power Insurance, Ltd. ("PPL Insurance"), a subsidiary of PPL.

KU/ODP is a Kentucky and Virginia corporation based in Lexington, Kentucky, which provides electric generation, transmission, and distribution service to approximately 515,000 retail customers in seventy-seven (77) counties in Kentucky, approximately 30,000 retail customers in southwestern Virginia, and five customers in Tennessee. In Virginia, KU/ODP operates under the name of Old Dominion Power and serves the Counties of Dickenson, Lee, Russell, Scott, and Wise, and the City of Norton. KU/ODP also owns coal and gas-fired electric generating facilities and a hydro-electric generating facility with a combined generation capacity of 4,570 megawatts. For the year ended December 31, 2009, KU/ODP had operating revenues of $1.355 billion and net income of $133 million. Currently, KU/ODP is a wholly owned indirect subsidiary of E.ON. E.ON, which is based in Dusseldorf, Germany, is one of the world's largest investor-owned power and gas companies, generating annual revenues of approximately €82 billion ($114.8 billion) and employing about 88,000 employees worldwide.

PPL is an energy and utility holding company that, through its subsidiaries, is primarily engaged in the generation and marketing of electricity in the northeastern and western United States and in the delivery of electricity in Pennsylvania and the United Kingdom. Headquartered in Allentown, Pennsylvania, PPL's principal direct subsidiaries are PPL Energy Funding, PPL Electric, PPL Services, and PPL Capital Funding. As of December 31, 2009, PPL Electric delivered electricity to approximately 1.4 million customers in twenty-nine counties of eastern and central Pennsylvania. For the year ended December 31, 2009, PPL and its subsidiaries had operating revenues of $7.556 billion and net income of $407 million.

On April 28, 2010, E.ON and PPL entered into a definitive agreement ("Purchase Agreement") for the purchase of E.ON's U.S.-based businesses, including KU/ODP, by PPL for $7.625 billion. Upon the successful execution of the proposed Purchase Agreement, KU/ODP and PPL will become affiliated interests under § 56-76 of the Code. As such, KU/ODP must obtain approval from the Commission pursuant to the Affiliates Act prior to entering into any arrangement, agreement or contract between the companies for the provision of services, the exchange of property, rights, or things, or the purchase or sale of treasury bonds or stock.

[1] *Joint Petition of PPL Corporation, E. ON AG, E. ONUS Investments Corp., EON US. LLC and Kentucky Utilities Company d1bla Old Dominion Power Company, For approval of transfer of ownership and control*.

[2] *Application of Kentucky Utilities Company d1bla Old Dominion Power Company, For authority under Chapter 3 of Title 56 of the Code of Virginia to restructure and refinance unsecured debt, to assume obligations, and for amendment to existing authority*.

The Applicant now requests approval, pursuant to Chapter 4 of Title 56, for KU/ODP to purchase insurance coverage from an affiliate in the PPL group of companies, PPL Insurance, at a lower premium than would be charged by the commercial insurance market, for approval of a new tax allocation agreement, and for approval of intercompany financing between itself and PPL in connection with the refinancing of KU/ODP's current intercompany debt within the E.ON holding company system.[3]

Insurance Agreement

The Applicant requests approval to enter into a Utility Service Agreement ("Insurance Agreement") under which KU/ODP would be able to purchase insurance through PPL Insurance at lower premiums than would be charged by the commercial insurance market. The Insurance Agreement may terminate by either party providing sixty (60) days' written notice of such termination.

PPL Insurance was established by PPL in 2002 to underwrite primary property, public liability, and workers' compensation coverage for PPL and its subsidiaries. PPL Insurance only provides coverage to affiliates of PPL Corporation. It is a Bermuda-licensed insurance company, which insures the deductibles of property, public liability, and workers' compensation insurance policies purchased from commercial insurance companies by PPL. It also provides coverage for storm damage to the distribution line system of PPL Electric Utilities.

The Applicant states that affiliated insurance companies, such as PPL Insurance, are able to offer insurance at lower premiums than would be charged by commercial insurance companies, because premiums are based on expected losses within the limit of coverage and do not include normal commercial insurance company loadings for underwriting expenses and profits. The Applicant represents that these loadings could add 20%-30% to the cost of insurance coverage. The Applicant states that affiliated insurers may also provide coverage where commercial insurance is not available, or they may provide coverage necessary for commercial insurance to be written. As an example provided by the Applicant, the reinsurance market may be available to provide catastrophic coverage only if there is a primary insurance policy in place. The affiliated insurance arrangement may provide insurance coverage at a lower cost. Such an arrangement also may allow KU/ODP to cover previously uninsured risks. KU/ODP would be able to insure a deductible to, in effect, "self insure" against certain losses, and then obtain primary insurance from PPL Insurance or from a commercial insurer if such coverage is available at lower rates than from PPL Insurance. Additionally, depending upon costs, likelihood of occurrence, and the impact of catastrophic losses on both KU/ODP and its ratepayers, KU/ODP might also obtain reinsurance in the commercial market.

KU/ODP states that it also could obtain insurance from PPL Insurance through its parent E.ON U.S. LLC ("E.ON U.S."). E.ON. U.S. would obtain insurance coverage from PPL Insurance for itself and its subsidiaries' benefit, including KU/ODP. KU/ODP would be assessed its share of the costs of such insurance. KU/ODP's current service agreement approved by the Commission in Case No. PUA-2000-00050 provides for the provision of insurance services and allocation of such costs from E.ON U.S. to KU/ODP. Alternatively, KU/ODP could obtain insurance coverage directly from PPL Insurance, in which case no cost allocation from E.ON U.S. would be involved. The Applicant represents that, whether KU/ODP purchases insurance from PPL Insurance directly or through EON U.S., the premium would be the same. The only costs that would be allocated to KU/ODP are costs directly related to its insurance coverage. In practice, both E.ON U.S. and KU/ODP would be named insureds, and KU/ODP's portion of the premium would be based on specific KU/ODP data used to develop actuarial loss expectancy for KU/ODP. The Applicant represents that under no circumstances would there be markup by EON U.S., and all allocated premiums would be passed to KU/ODP at cost. Under the Insurance Agreement, there would be no requirement by either party that coverage be renewed after the expiration of the current term of insurance or that coverage be undertaken at all.

The Applicant represents that a detailed analysis of potential insurance premiums has not been performed, and that KU/ODP would only purchase insurance through PPL Insurance if such detailed analysis, when performed, proved it would be cost effective. Insurance coverage potentially provided by PPL Insurance will not occur until post-merger. The primary cost benefit from PPL Insurance, according to the Applicant, will be that PPL Insurance proposals will not include any profit, which should result in lower costs.

As to the types of insurance coverage KU/ODP plans to purchase from PPL Insurance, KU/ODP could obtain coverage for deductibles for property, public liability, workers' compensation, and transmission and distribution system storm damage insurance. The Applicant represents that PPL Insurance could provide coverage on a primary basis above a deductible level for storm damages to the distribution line system of KU/ODP. It may also provide coverage for run off directors and officers liability coverage. This would apply to claims that exceed $300 million.

KU/ODP expects to pay premiums to PPL Insurance based on costs related to expected losses within coverage limits, without markups. There would be no loading for underwriting or profits. KU/ODP would be allocated its share of such insurance costs. This arrangement provides KU/ODP an additional option to acquire insurance, and one that would provide for deductible coverage. The Applicant states that KU/ODP would only purchase insurance from PPL Insurance if the cost was lower than purchasing from a commercial insurance company.

PPL Agreement

The Applicant also requests approval, pursuant to the Affiliates Act, of a "PPL and Consenting Members of its Consolidated Group Agreement for filing Consolidated Income Tax Returns and for Allocation of Consolidated Income Tax Liabilities and Benefits" tax allocation agreement between PPL and the ninety-five other affiliated members ("Members") of its consolidated tax group (collectively "PPL Group"), including KU/ODP. The proposed PPL Agreement will replace the existing tax allocation agreement between KU/ODP and E.ON US Investments Corporation, KU/ODP's current parent company, which was approved by the Commission in Case No. PUE-2009-00022.[4]

PPL files a consolidated federal income tax return ("Federal Return") on behalf of the PPL Group in accordance with 26 United States Code[5] §§ 1501-1505. The PPL Agreement also references Tax Code § 172(b)(3), § 1504(a), and § 6655, and Treasury Regulation § 1.1502-55.

[3] While KU/ODP filed this application under Chapter 4 of Title 56 of the Code, the portion of the application pertaining to the refinancing of debt and issuance of notes by KU/ODP also necessitates a review by the Commission pursuant to the provisions of Chapter 3 of Title 56 of the Code.

[4] *Application of Kentucky Utilities Company d1bla Old Dominion Power Company, For approval of a revised tax allocation agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2009-00022, 2009 S.C.C. Ann. Rept. 435, Order Granting Approval (June 29, 2009).

[5] Title 26 of the U.S.C. is also known as the Internal Revenue Code of 1986 as amended, or the "Tax Code."

PPL intends to file a consolidated Virginia income tax return ("Virginia Return") on behalf of seven (7) Members of the PPL Group ("Virginia Group"),[6] including KU/ODP, which have property, payroll, or gross receipts nexus in the state in accordance with § 58.1-300 *et seq*. of the Code. The Virginia Group also is subject to a special regulatory revenue tax equivalent to two-tenths of one percent pursuant to § 58.1-2660 of the Code.[7]

The general purpose of the PPL consolidated tax filing is to reduce the PPL Group's federal and state corporate income tax liability. The specific purpose of the PPL Agreement is to recognize KU/ODP as a new Member of the PPL Group and to establish an appropriate allocation of consolidated tax liabilities ("consolidated tax") for KU/ODP within the PPL Group. The PPL Agreement is intended to establish an allocation of consolidated tax for the PPL Group, including KU/ODP, which is consistent with the ratemaking requirements of the 2007 amendment to § 56-235.2 A in Chapter 10, Title 56 of the Code, which states:

> For ratemaking purposes, the Commission shall determine the federal and state income tax costs for investor-owned water, gas, or electric utility that is part of a publicly-traded, consolidated group as follows: (i) such utility's apportioned state income tax costs shall be calculated according to the applicable statutory rate, as if the utility had not filed a consolidated return with its affiliates, and (ii) such utility's federal income tax costs shall be calculated according to the applicable federal income tax rate and shall exclude any consolidated tax liability or benefit adjustments originating from any taxable income or loss of its affiliates.

Section Two (2) of the PPL Agreement states that PPL or its designee will prepare, make elections, and take all such other actions deemed necessary for the proper filing of the PPL Group's Federal Return. Section Five (5) of the PPL Agreement states that PPL or its designee shall make all calculations on behalf of the Members of the PPL Group to comply with the estimated tax provisions of the Tax Code, shall charge or refund members the appropriate tax amounts consistent with the dates indicated by Tax Code § 6655, and shall be responsible for paying the IRS the current federal consolidated tax. After filing the Federal Return and allocating the federal consolidated tax among the Members, PPL or its designee will charge or credit the Members to reflect the difference between the prior payments or credits and their current tax as allocated under the PPL Agreement.

The primary rules for allocating the PPL Group's federal consolidated tax are as follows. For purposes of allocating the federal consolidated tax liabilities and benefits under the PPL Agreement, each PPL affiliate operating as a limited liability company or limited partnership will be considered a Member and shall be responsible for its allocable share of corporate taxable income or loss.[8] Under the PPL Agreement, the determination of a regulated business' allocable share of corporate taxable income shall be made: (i) as if such regulated business was a regarded entity for U.S. federal income tax purposes; and (ii) utilizing the "Corporate Taxable Income" or stand-alone method.

The federal consolidated tax will be allocated among the Members of the PPL Group utilizing the separate "Corporate Taxable Income," or stand-alone, method.[9] Each Member with a corporate taxable loss ("Loss Member") will be entitled to a corporate tax credit equal to the amount by which the federal consolidated tax is reduced by including the Loss Member's taxable loss in the Federal Return. The Members with positive corporate taxable income ("Income Members") will be allocated a federal income tax liability equal to the sum of the federal consolidated tax and the corporate tax credits allocated to the Loss Members based on the ratio that each Income Member's corporate taxable income bears to the total corporate taxable income of all Income Members. If the aggregate of the Loss Members' corporate taxable losses are not fully utilized in the current year's Federal Return, then the consolidated carry-back or carry-forward of such losses to the applicable taxable years will be allocated to each Loss Member in the ratio that its corporate taxable loss bears to the total corporate taxable losses of all Loss Members.

For the purpose of computing separate return tax, intercompany eliminations booked in consolidation entries that affect the federal consolidated tax will be assigned to the Member requiring the intercompany elimination.

The consolidated alternative minimum tax ("AMT") will be allocated among the Members in accordance with Proposed Treasury Regulation § 1.1502-55 in the form the regulation exists on the date the PPL Agreement is executed. Any AMT liability shall be treated as part of the Member's separate tax liability provided that the entire PPL Group incurs an AMT liability.

Tax benefits such as general business credits, foreign tax benefits, or other tax credits[10] will be apportioned directly to the Members whose investment or contributions generated the credit or benefit ("Benefit Members"). If the tax benefit or credit cannot be fully utilized to offset current federal consolidated tax, the consolidated tax benefit or credit will be apportioned to the Benefit Members in proportion to the relative amount of benefits or credits generated by each Benefit Member.

If the amount of federal consolidated tax allocated to any Member under the PPL Agreement exceeds the separate return tax of that Member, then the excess tax will be reallocated among the Members with allocated consolidated tax less than their separate return tax liability (*i.e.* surtax exemption). The reallocation shall be in proportion to the respective reductions in separate return tax liability of these Members. Any remaining unallocated consolidated tax

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[6] The seven (7) current Members of the Virginia Group are: (i) KU/ODP; (ii) LG&E Energy Marketing, Inc.; (iii) LG&E International, Inc.; (iv) LG&E Power Development, Inc.; (v) LG&E Power Inc.; (vi) LG&E Power Operations Inc.; and (vii) E.ON U.S. LLC. KU/ODP does not expect the list of Virginia Group Members to change as a result of the PPL acquisition.

[7] The Commission's Division of Public Service Taxation certifies and notifies KU/ODP of the amount of its calendar year gross receipts that are subject to the Virginia special tax each year.

[8] PPL Agreement, § 3, at 3.

[9] PPL Agreement, § 4, at 3-4.

[10] KU/ODP is currently eligible to receive the following federal tax credits: (i) Investment Tax Credit (including Advanced Coal Credit); (ii) Renewable Electricity Production Credit; (iii) Production Credit for Hydropower Generation; (iv) Credit for Increasing Research Activities; (v) Fuel Credits; (vi) Foreign Tax Credit; and (vii) Alternative Minimum Tax Credit.

will be assigned to PPL. Under no circumstances will the amount of federal consolidated tax allocated to a PPL Group Member under the PPL Agreement exceed its separate tax liability. Any remaining tax cost or benefit will be allocated to the applicable business unit parent on at least an annual basis.

The allocation of state and local income tax liabilities and credits[11] under the PPL Agreement will be determined by the election of one of the following filing methods: (i) separate entity; (ii) unitary group; (iii) nexus combined; and (iv) consolidated.[12]

Under a separate entity filing, all tax costs or benefits will be allocated to the PPL affiliate that filed the separate return.

Under a unitary group filing, all tax costs or benefits will be allocated to the applicable business unit. For example, if a business unit that includes a parent entity and its subsidiaries files a state unitary return, the entire state tax cost or benefit is allocated to the business unit. Further allocations within the business unit are at the discretion of the business unit.

Under a nexus combined filing, all tax costs or benefits will be allocated as if each entity or business unit filed a stand-alone or separate entity return. Both apportionment factors and taxable income will be considered in the allocation. Any residual tax costs or benefits will be allocated to the appropriate business unit at least annually.

Under a consolidated filing, all tax costs or benefits will be allocated based on each subsidiary's or business unit's nexus within the specific state or locality. For example, state tax determined in a consolidated return will be allocated as if each entity filed a stand-alone or separate tax return using both: (a) the entity's property, payroll, and receipts apportioned to the state; and (b) their taxable income or loss. Entities lacking nexus in the state or locality will not be allocated any tax or benefit. Any residual tax costs or benefits will be allocated to the appropriate business unit parent at least annually.

In Virginia, KU/ODP will participate in a consolidated Virginia Return that includes the seven (7) Members of the Virginia Group that have property, payroll, or gross receipts nexus in the state. KU/ODP represents that the Virginia tax liability for each Member of the Virginia Group, including KU/ODP, will be computed based on each Member's separate return apportionment factors. The total of the Virginia Group Members' separate return tax liabilities or benefits will then be compared to the consolidated tax computed for the Virginia Group based on consolidated apportionment factors. Any residual tax cost or benefit will be allocated to the applicable business unit parent.

KU/ODP represents that, for tax return purposes, no Virginia income taxes paid by KU/ODP are specifically allocated to another jurisdiction. Likewise, KU/ODP avers that no non-Virginia state or local income taxes paid in other jurisdictions are specifically allocated to KU/ODP's Virginia operations.

Any subsequent adjustments to the Federal Return or Virginia Return by federal or state authorities will be treated as though they had formed part of the original consolidated return. Interest paid or received, and penalties imposed as a result of the adjustment, will be allocated to the responsible member.[13] In the case of an increased tax liability, each Member shall pay its portion of the increased tax, penalties, and interest to the parent company within ten (10) days of receiving notice of the liability. In the case of a refund, the parent company will pay each member its portion of the refund within ten (10) days of receiving the refund.

Any company that joins the PPL Group or Virginia Group as a new Member must execute a duplicate copy of the PPL Agreement.[14] Any current Member that leaves the PPL Group or Virginia Group is assigned its portion of the tax attributes of the affiliated group, including but not limited to net operating losses, credit carry-forwards, and minimum tax carry-forwards.[15] If the assignment differs from the amounts previously allocated to the departing Member, then the Member must settle with the affiliated group on a dollar-for-dollar basis for tax credit differences and, in the case of net operating loss differences, by computing the tax settlement amount by applying the highest marginal tax rate. Any settlement amounts will be allocated among the remaining Members in proportion to the relative level of attributes possessed by each Member.

The PPL Agreement will be binding and inure to the benefit of any successors to the Members. The PPL Agreement is effective for the allocation of the current federal income tax liabilities of the Members for the 2010 consolidated tax year and all subsequent years until the PPL Agreement is revised in writing. The PPL Agreement is made under the law of the Commonwealth of Pennsylvania.

Under the PPL Agreement, KU/ODP will accrue taxes on a stand-alone basis and settlements or payments will be made throughout the year coinciding with the related estimated payment and filing dates. Since federal and state consolidated tax benefits will be retained by the PPL Group or Virginia Group parent, no additional entries are needed.

Restructure and refinance debt

According to the Application, upon consummation of the change of control, all KU/ODP loans from Fidelia will become payable. Since it will take a number of days or weeks to issue the permanent secured first mortgage bonds ("FMB") to be issued (under consideration in Case No. PUE-2010-00061), PPL will need to provide temporary financing at the time of closing ("Bridge Financing") to complete the change of control with E.ON. At the time of closing, PPL will cause KU/ODP to refinance those loans from Fidelia with proceeds from replacement notes issued by KU/ODP to PPL Investment Corporation, a subsidiary of PPL, on substantially the same terms and conditions as the existing Fidelia notes, including the same interest rate and maturity

[11] KU/ODP is currently eligible to receive the following state tax credits: (i) Coal Credit; (ii) Recycling Credit; (iii) Jobs Credit; (iv) Corporation Minimum Tax Credit; and (v) Construction Tax Credit.

[12] PPL Agreement, § 6, at 5-6.

[13] PPL Agreement, § 7, at 6.

[14] PPL Agreement, § 8, at 6.

[15] PPL Agreement, § 9, at 6.

date. The only changes would be elimination of the "make whole" provision and the removal of the prepayment restriction by allowing prepayment to be made with one day's notice.

The Fidelia notes are comprised of twenty-one (21) separate promissory notes, issued between April 2003 and November 2009, totaling $1.331 billion in principal amount. Interest rates on each Fidelia note were fixed at the time of issuance until maturity (fourteen notes were issued with maturities of ten years or less) for each note and vary between 4.24% and 7.035%. KU/ODP investigated and decided against providing Bridge Financing in the form of short-term debt, as the exposure to interest rate risk on all KU/ODP debt was too risky for KU/ODP management, especially in light of capital market disruptions over the past two years.

NOW THE COMMISSION, upon consideration of the Application and representations of the Applicant and having been advised by its Staff, is of the opinion and makes the following findings. Regarding the Insurance Agreement, we find that the agreement is in the public interest as long as KU/ODP pays PPL Insurance the lower of cost or market for insurance services purchased. Since KU/ODP will pay premiums to PPL Insurance based on cost of insurance related to expected losses within coverage limits without markup for underwriting and profits, such payments to PPL Insurance would likely be lower than market. It is expected that such premiums would approximate cost, which would seem to meet the lower of cost or market standard. Therefore, it appears that the Insurance Agreement for KU/ODP to purchase insurance from its affiliate, as long as KU/ODP pays PPL Insurance the lower of cost or market, is in the public interest and meets the standard of the Affiliates Act.

Regarding the PPL Agreement, the 2006 repeal of the Public Utility Holding Company Act of 1935 removes the statutory requirement that public utility holding companies such as PPL must share holding company federal consolidated tax benefits with the members of its federal consolidated tax group. The 2007 amendment to § 56-235.2 A in Chapter 10, Title 56 of the Code disallowed the recognition of any federal or state consolidated tax adjustments in the determination of income tax costs for ratemaking purposes. The PPL Agreement aligns itself with these statutory changes by providing that each Member of the PPL Group, including KU/ODP, will be allocated and pay its federal and state income tax liability or receive its share of corporate tax benefits on a separate return basis as if it was a stand-alone company. The PPL Agreement also includes the statement that "[u]nder no circumstances shall the amount of tax liability allocated to a Member of the [PPL Group] under this Agreement exceed its separate tax liability."[16] Therefore, we believe that the PPL Agreement is in the public interest and should be approved subject to certain requirements outlined below that are intended to clarify the nature and extent of our Affiliates Act approval in this case and to permit the Commission's Staff to monitor KU/ODP's separate return tax representations on an ongoing basis.

First, we reserve the right to reflect ratemaking adjustments to KU/ODP's income taxes in the course of any Commission review and analysis of KU/ODP's cost of service in the future.

Second, we will direct KU/ODP to prepare an annual detailed reconciliation of any differences between its allocation of actual federal and state tax liabilities and what such liabilities are on a separate return basis. Beginning May 1, 2010, this reconciliation should be included with KU/ODP's Annual Report of Affiliate Transactions ("ARAT") submitted to the Commission's Director of Public Utility Accounting ("PUA Director") each year. If there are no differences between KU/ODP's allocated and separate return tax liabilities, then KU/ODP should prepare a verified legal representation to that effect to be included as an addendum to its ARAT each year. We also direct KU/ODP to provide (i) a computation of the Domestic Production Activities Deduction ("DPAD") performed on a consolidated basis; (ii) a computation of the DPAD performed on a separate return basis; and (iii) a description of how the DPAD is allocated to and booked by KU/ODP, to be included in its ARAT submitted to the Commission's PUA Director each year.

We find the intercompany financing between KU/ODP and PPL in connection with the refinancing of KU/ODP's current intercompany debt within the E.ON holding company system to be in the public interest.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, KU/ODP is hereby granted approval to enter into the Insurance Agreement with PPL Insurance, effective as of the date of this order, provided that KU/ODP pays PPL Insurance the lower of cost or market for any insurance services purchased.

(2) KU/ODP shall bear the burden of proving, during any rate proceeding, that it paid PPL Insurance the lower of cost or market under the Insurance Agreement.

(3) Pursuant to § 56-77 of the Code, KU/ODP is hereby granted approval of the PPL Agreement as described herein and consistent with the findings set out above, effective as of the date of the order in this case.

(4) Pursuant to §§ 56-57 and 56-77 of the Code, KU/ODP's proposed intercompany financing as described herein is approved, and KU/ODP is authorized to issue notes to PPL Investment Corporation with the same principal amounts, terms, conditions and interest rates as the Fidelia notes, except that the new notes will not have "make whole" provisions and can be repaid at par plus accrued interest on any day rather than only on the interest payment dates.

(5) 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 Insurance Agreement or the PPL Agreement.

(6) The Commission reserves the right to reflect ratemaking adjustments to KU/ODP's income taxes in the course of any Commission review and analysis of KU/ODP's cost of service in the future.

(7) The approval granted herein shall not preclude the Commission from exercising its authority pursuant to the provisions of §§ 56-78 and 56-80 of the Code hereafter.

(8) Commission approval shall be required for any changes in any of the agreements approved herein, including any successors or assigns thereto.

[16] See PPL Agreement, § 4 at 3.

(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) KU/ODP shall prepare an annual detailed reconciliation of any differences between its allocation of actual federal and state tax liabilities and what such liabilities are on a separate return basis. Beginning May 1, 2010, this reconciliation shall be included with KU/ODP's ARAT submitted to the Commission's PUA Director each year. If there are no differences between KU/ODP's allocated and separate return tax liabilities, then KU/ODP shall prepare a verified legal representation to that effect to be included as an addendum to its ARAT each year. KU shall also provide (i) a computation of the DPAD performed on a consolidated basis; (ii) a computation of the DPAD performed on a separate return basis; and (iii) a description of how the DPAD is allocated to and booked by KU/ODP, to be included in its ARAT submitted to the Commission's PUA Director each year.

(11) KU/ODP shall include the transactions associated with the PPL Agreement approved herein in its ARAT submitted to the Commission's PUA Director by May 1 of each year, subject to administrative extension by the PUA Director.

(12) In the event that annual informational filings or expedited or general rate case filings are not based on a calendar year, then KU/ODP shall include the affiliate information contained in its ARAT in such filings.

(13) There appearing nothing further to be done in this matter, it hereby is dismissed.

CASE NO. PUE-2010-00094
DECEMBER 20, 2010

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

AMENDING ORDER

On October 19, 2010, the State Corporation Commission ("Commission") issued an Order Granting Approval ("October 19 Order") in this proceeding, which, in part, granted approval of certain affiliate agreements to be entered into by Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP") upon completion of the change in control of KU/ODP from E.ON AG to PPL Corporation ("PPL") that was approved by the Commission in Case No. PUE-2010-00060. In the October 19 Order, the Commission approved a new tax allocation agreement, which provided for consolidated tax treatment of KU/ODP with PPL and affiliates following the transfer of control. The October 19 Order also approved KU/ODP's post-transfer entrance into an insurance agreement with PPL Power Insurance, Ltd., a subsidiary of PPL.

On December 2, 2010, KU/ODP filed a letter with the Commission advising that the transfer of control involving KU/ODP had been completed. KU/ODP further advised that, in connection with the closing of the transfer, the legal name of E.ON U.S. LLC was changed to LG&E and KU Energy LLC on November 1, 2010, and the legal name of E.ON U.S. Services Inc. was changed to LG&E and KU Services Company on September 30, 2010. Both E.ON U.S. LLC and E.ON U.S. Services Inc. were named as parties on the tax allocation agreement approved by the Commission in its October 19 Order. E.ON U.S. LLC was named as a party on the insurance agreement approved in the October 19 Order.

With the December 2, 2010 letter, KU/ODP requested that the Commission issue an order amending the authority granted in the October 19 Order to permit the replacement of the name E.ON U.S. LLC with LG&E and KU Energy LLC and the name E.ON U.S. Services Inc. with LG&E and KU Services Company in the tax allocation agreement and the insurance agreement. KU/ODP advised that it was not seeking any changes to the terms or operation of the agreements nor to the reporting requirements set out in the Commission's October 19 Order.

NOW THE COMMISSION, upon consideration of the foregoing and of the applicable law, is of the opinion and finds that KU/ODP's request should be granted and that the tax allocation agreement and insurance agreement, previously approved herein, should be amended to reflect the new legal names of the affiliates of KU/ODP.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-77 and 56-80 of the Code of Virginia, KU/ODP is authorized to amend the tax allocation agreement by substitution of E.ON U.S. LLC with LG&E and KU Energy LLC, and by substitution of E.ON U.S. Services Inc. with LG&E and KU Services Company.

(2) Pursuant to §§ 56-77 and 56-80 of the Code of Virginia, KU/ODP is authorized to amend the insurance agreement by substitution of E.ON U.S. LLC with LG&E and KU Energy LLC.

(3) All other provisions set forth in the Commission's October 19 Order shall remain in full force and effect.

(4) KU/ODP shall file a copy of the executed tax allocation agreement and the insurance agreement with the Commission within thirty (30) days of execution of each agreement.

(5) There being nothing further to come before the Commission, this matter is dismissed.

CASE NO. PUE-2010-00096
SEPTEMBER 13, 2010

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 August 20, 2010, Columbia Gas of Virginia, Inc. ("CGV" or "Company"), filed an application requesting authority from the State Corporation Commission ("Commission") under Chapters 3 and 4 of Title 56 of the Code of Virginia ("Code") (§§ 56-55 *et seq*. and 56-76 *et seq*.) to issue long-term debt to an affiliate and to participate in an intrasystern money pool arrangement with an affiliate. CGV requests authority to borrow up to $150 million in short-term debt through the intrasystem money pool between January 1, 2011, and December 3 2012. 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. CGV paid the requisite fee of $250.

CGV also proposes to issue up to $100 million of new promissory notes ("New Notes") to either NiSource Finance Corp. ("NFC") or in the capital markets between January 1, 2011, and December 31, 2012. The proceeds from the New Notes will be used to refinance approximately $45.6 million in maturing debt and to finance a portion of its construction program that is projected to be approximately $130 million during 2010-2012. 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 to NFC. The term of New Notes issued to NFC would have a maturity up to thirty (30) years. The interest rate on any New Notes issued in the capital market would be negotiated through underwriters, purchasers, or agents and would likely have a maturity between two (2) and ten (10) years.

In addition, CGV proposes to continue to participate in the NiSource System Money Pool ("Money Pool") under the NiSource System Money Pool Agreement for the period January 1, 2011, through December 31, 2012. CGV requests authority to borrow up to $150 million in short-term debt through the Money Pool. CGV states that the Money Pool proceeds will be used to meet peak short-term requirements, including gas purchases and gas storage.

CGV notes in the application that it received Commission authority to participate in the Money Pool in Case No. PUE-2008-00107.[1] In that case, CGV was authorized to borrow up to $150 million from January 1, 2008, through December 31, 2010.

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 New Notes to either NiSource Finance Corp. or in the external capital market, up to a maximum amount of $100 million, between January 1, 2011, and December 31, 2012, 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 $150 million at any one time between January 1, 2011, and December 31, 2012, under the terms and conditions and for the purposes set forth in the application.

(3) CGV shall file annually for 2011 and 2012, with the Clerk of the Commission, quarterly reports of action no later than February 15, May 15, August 15, and November 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 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 type of security, the issuance date, amount of the issue, the interest rate, the maturity date, a brief explanation of reasons for the term of maturity chosen, and a comparison of the interest rate available from external capital markets (comparable corporate issuers with similar risk profiles to NFC near the date of issuance with comparable maturities) and the effective rate available from NFC (comparable maturity U.S. Treasury rate plus a yield spread for companies with a credit risk profile equivalent to that of NFC).

(5) 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, type of security, amount issued, interest rate, date of maturity, issuance expenses realized to date, net proceeds to CGV, and an updated cost/benefit analysis for any New Notes issued to refund other outstanding debt prior to maturity; and

(b) The cumulative principal amount of New Notes issued under the authority granted herein and the amount remaining to be issued.

(6) CGV shall submit to the Clerk of the Commission a Final Report of Action on or before February 28, 2013, providing the information required in Ordering Paragraph (3) above for the fourth calendar quarter of 2012.

(7) Commission approval shall be required for any subsequent changes in the terms and conditions of the Money Pool.

[1] *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*, Case No. PUE-2008-00107, 2008 S.C.C. Ann. Rept. 613, Order Granting Authority (December 23, 2008).

(8) The authority granted herein shall not preclude the Commission from applying to CGV 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 2012, it shall file an application requesting such authority no later than November 1, 2012. 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, Money Pool investment 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-2010-00098
SEPTEMBER 9, 2010

APPLICATION OF
PRINCE GEORGE ELECTRIC COOPERATIVE

For authority to incur indebtedness

ORDER GRANTING AUTHORITY

On August 23, 2010, Prince George Electric Cooperative ("Prince George" 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 up to $2,171,488 from the National Cooperative Services Corporation ("NCSC"). Prince George has paid the requisite fee of $250.

Prince George is seeking authority to borrow $2,171,488 from NCSC to retire, prior to maturity, a like amount of debt currently outstanding with the Rural Utilities Services ("RUS"). There are no prepayment penalties associated with the early retirement of the RUS debt. The new NCSC debt will be structured as 13 distinct loans, each with a different maturity and corresponding interest rate. The loans will have a maturity of no more than 14 years. The interest rates associated with the debt will be fixed over the life of the new debt. According to the analysis provided in its application, Prince George expects to generate over $260,000 in interest savings as a result of this refinancing.

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) Prince George is authorized to incur up to $2,171,488 in debt obligations from the NCSC, 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 NCSC, the Cooperative shall file with the Commission's Division of Economics and Finance a report of action, which shall include the amount of the advance, the interest rate, and the interest rate term.

(3) The authority granted herein shall have no implications for ratemaking purposes.

(4) There appearing nothing further to be done in this matter, it hereby is dismissed.

CASE NO. PUE-2010-00099
DECEMBER 15, 2010

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For authority to amend its natural gas conservation and rate making efficiency plan

FINAL ORDER

On December 4, 2009, the State Corporation Commission ("Commission") entered a Final Order in Case No. PUE-2009-00051,[1] which approved a three-year Conservation and Ratemaking Efficiency ("CARE") Plan for residential and small general service classes of customers of Columbia Gas of Virginia, Inc. ("Columbia" or "Company"), effective December 31, 2009, pursuant to Chapter 25 of Title 56 (§§ 56-600 *et seq.*) ("Natural Gas Conservation and Ratemaking Efficiency Act") of the Code of Virginia ("Code").

[1] *See 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) (hereinafter, "Case No. PUE-2009-00051").

On August 23, 2010, Columbia, by counsel, filed an application to amend its CARE Plan ("Application"), together with a request for a waiver of the requirement to refile the information identified in the instructions pertaining to Schedule 48 in 20 VAC 5-201-90, *Instructions for schedules and exhibits for Chapter 201*[2]. In the alternative, Columbia's Application requested the Commission to take judicial notice of the information responsive to Schedule 48 filed in Case No. PUE-2009-00051. Additionally, the Company requested expeditious consideration of the Application without a hearing.

In its Application, Columbia advises that its proposed amendment to its CARE Plan has the limited effect of suspending the free water heater insulation blanket measure within the Company's Web-Based Home Audit Program. According to the Application, the Web-Based Home Audit Program, which is targeted to residential customers, includes an on-line home energy audit. Columbia explains in its Application that the on-line home energy audit results in the generation of a customized report recommending home improvements that can reduce the customer's energy usage, including a number of measures that can be implemented without cost to the customer. Such measures provided by the Company currently include natural gas storage water heater insulation blankets, low-flow shower heads, faucet aerators, and pipe insulation. Columbia's Application alleges that the Company's experience to date with the distribution of water heater insulation blankets indicates that customers will not likely install significant numbers of them because the installation of water heater insulation blankets on natural gas storage water heaters can be complex and such blankets require ongoing maintenance in order to function properly. The Company comments in its Application that the complexity of installation raises potential safety concerns with water heater insulation blankets that are installed incorrectly.

Columbia's Application relates that 136 water heater insulation blankets have been issued to CARE Plan participants to date, representing a cost of $1,926. The Application proposes that the expenditures for these water heater insulation blankets, as well as the cost of all other water heater insulation blankets purchased to date as part of Columbia's WarmWise Program,[3] will be absorbed by the Company and will not be passed through to the Company's ratepayers through the CARE Program Adjustment ("CPA"), a surcharge that permits recovery of the incremental costs associated with the Company's conservation and energy efficiency programs. Columbia further represents that these costs will not otherwise be included in the Company's base rates or Purchased Gas Adjustment mechanism.

The Company's Application represents that, as permitted by the Commission's Final Order in Case No. PUE-2009-00051, up to 33.3% of the funds budgeted for the water heater insulation blanket measures are eligible to be allocated to support other measures within the CARE Plan. Columbia advises that it plans to reallocate 33.3% ($37,625) of the funds budgeted for the water heater insulation blanket measure equally between the free low-flow shower head measure and the free faucet aerator measure, each of which are within the Web-Based Home Audit Program. Columbia proposes that the remaining 66% of the funds budgeted for use as part of the water heater insulation blanket measure will not be spent, resulting in a reduction of the CPA and corresponding savings for all ratepayers of $75,250.

Columbia averred in its Application that its proposed amendment to its CARE Plan would not affect any other conservation and energy efficiency programs within its previously approved CARE Plan. Columbia presented cost-effective analyses of its Web-Based Home Audit Program, both with and without the water heater blanket measure, after reallocating 33.3% of the water heater blanket measure budgeted amount equally between the faucet aerator and shower head measures.[4] These analyses were sponsored by Matt Gibbs, the Company's consultant.[5] These analyses showed no impact on the remaining online audit program measures as a result of the removal of the water heater blanket measure and the reallocation of 33.3% of the budget for the water heater blanket measure equally between the faucet aerator measure and the low-flow shower head measure. The Company's Application also included a revised Stipulation relating to the suspension of the water heater insulation blanket measure that was supported by those who had agreed to the initial Stipulation, namely, the Company, the Office of the Attorney General, the Commission Staff, and the Virginia Industrial Gas Users' Association.

The Company's Application also requested that the Commission take judicial notice of the information responsive to Schedule 48 filed in Case No. PUE-2009-00051 or, in the alternative, that the Commission grant a waiver of the requirement to refile such information in this proceeding to the extent that such information would be duplicative of that filed in Case No. PUE-2009-00051. Columbia filed the Affidavit of Robert E. Horner, Manager of Regulatory Policy for Columbia, in support of the representation that Schedule 48 (1) through (6) and (8) through (12) would not change as a result of the Company's proposed amendment to the CARE Plan. [6]

Columbia also requested that it be permitted to satisfy any public notice requirements by means of a bill insert that would be directed to residential and small general service customers in the event that the Commission determined public notice of the Application was necessary. The Company maintained publication of notice of its Application would significantly diminish the benefits resulting from the reduced expenditures on water heater insulation blankets.

On August 27, 2010, the Commission entered its Order for Notice and Comment ("Order") herein. This Order docketed the Application; granted Columbia's request for a waiver of the requirement to refile the information required by the instructions pertaining to Schedule 48 in 20 VAC 5-201-90, *Instructions for schedule and exhibits for Chapter 201*, to the extent that the information necessary to satisfy the requirements of 20 VAC 5-201-90, Schedule 48, was duplicative of the information filed in Case No. PUE-2009-00051; permitted the Company to complete notice to the public of its Application via bill inserts using the notice prescribed in the Order; directed the Company to serve a copy of the Order on local governmental officials; permitted interested persons to file written comments concerning Columbia's Application on or before November 3, 2010; and permitted the Company to file on or before November 10, 2010, any response it intended to offer to the comments filed by interested persons in this proceeding. The Order also directed the Company to file its proof of notice and service on or before November 10, 2010.

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[2] Rule 20 VAC 5-201-85, *Conservation and ratemaking efficiency plans*, of the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings, 20 VAC 5-201-10 *et seq.,* requires that an applicant filing a CARE Plan must file Schedule 48, described in 20 VAC 5-201-90, with the applicant's direct testimony.

[3] Columbia markets its CARE programs to residential customers under the name "WarmWise."

[4] Attachment 1 to Attachment A, Amended Stipulation, to the Application.

[5] *See*, Attachment C to Application, Affidavit of Matt Gibbs, Vice President, Energy Efficiency and Carbon Management with the consulting firm of Nextant, Inc.

[6] Attachment D to the Application.

On October 18, 2010, one comment was filed in response to the Company's Application. This comment objected to the Company's Application on the grounds that it would increase Columbia's cost of natural gas service to its ratepayers.

On October 22, 2010, the Company filed its proof of the notice and service required by the Order.

On November 4, 2010, Columbia, by counsel, filed a letter advising that it did not intend to file a formal response in this matter and requesting that the Commission issue an order approving the Company's proposed amendment to its CARE Plan.

NOW THE COMMISSION, upon consideration of the Application, the comments filed herein, Columbia's November 4, 2010 letter, and the applicable statutes, is of the opinion and finds that the Company's Application should be approved as filed and that this case should be dismissed. The Company's CARE Plan amendment appears to be consistent with § 56-602 A and B of the Code, based on the record developed herein. The amendment to Columbia's CARE Plan does not affect the proposed decoupling mechanism found to be revenue-neutral in Case No. PUE-2009-00051, and the amendment is consistent with the Natural Gas Conservation and Ratemaking Efficiency Act. As is evident from the cost-benefit analyses filed as Attachment 1 to the Amended Stipulation (Attachment A) to the Application, the cost-effectiveness of the Web-Based Home Audit Program is not changed by suspension of the free water heater blanket measure. None of the other features of the CARE Plan generally or the Web-Based Home Audit Program are affected by the suspension of this measure.

Additionally, only 136 water heater insulation blankets have been issued to CARE Plan participants to date, representing a cost of $1,926. The Company has represented that it will absorb the expenditures for these water heater insulation blankets, as well as the cost of all other water heater insulation blankets purchased to date as part of the Company's WarmWise Program. Columbia states that it will not pass these costs through to ratepayers through its CPA nor will these costs be included in the Company's base rates or Purchased Gas Adjustment mechanism. We will adopt Columbia's proposal not to pass these costs on to its ratepayers as part of the Order issued herein.

The proposed Stipulation and Recommendation accepted in Case No. PUE-2009-00051 permits Columbia to reallocate up to 33.3% of the budget fund for an individual measure (including up to a pro-rata share of the program administrative costs) to another measure or program within a CARE Plan year without prior approval of the Commission. Columbia's proposal to reallocate 33.3% ($37,625) of the funds budgeted for the water heater blanket measure equally between the free low-flow shower head measure and the free faucet aerator measure appears to be within the authority granted in Case No. PUE-2009-00051. Columbia's proposal that the remaining 66% of funds budgeted for use under the water heater blanket measure not be spent appears to be reasonable and may result in a reduction to the CPA and savings to Columbia's ratepayers of at least $75,250. Contrary to the suggestion of the single comment filed herein, the Company's proposed amendment should reduce the costs of the CARE Plan to Columbia ratepayers.

Additionally, Columbia should file with the Clerk of the Commission an annual report, pursuant to § 56-602 E of the Code, beginning May 1, 2011[7] and continuing on May 1 of every year thereafter during the term of the Company's CARE Plan. In accordance with § 56-602 E of the Code, this report must 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," as more particularly defined in the Proposed Stipulation and Recommendation accepted in our December 4, 2009 Final Order entered in Case No. PUE-2009-00051.[8] In addition, this report should include: (i) the findings and recommendations of the WarmWise Advisory Committee; (ii) information required by the Proposed Stipulation and Recommendation accepted in the December 4, 2009 Final Order entered in Case No. PUE-2009-00051; (iii) cost-benefit and other analyses of the conservation and energy efficiency programs; (iv) program participation rates; (v) expected program benefits for the next program year; and (vi) any additional relevant information requested by the Staff. This report should be filed in this docket until further order of the Commission.

Accordingly, IT IS ORDERED THAT:

(1) In accordance with the findings made herein, Columbia's Application to suspend its free water heater insulation blanket measure within the Company's Web-Based Home Audit Program is hereby approved, effective as of the date of this Order.

(2) In accordance with the representations made in the Application, the expenditures for the water heater insulation blankets, including the 136 water heater insulation blankets issued to CARE Plan participants to date, representing a cost of $1,926, as well as the cost of all other water heater insulation blankets purchased to date as part of Columbia's WarmWise Program, shall be absorbed by the Company and shall not be passed through to the Company's ratepayers through the CARE Program Adjustment and will not otherwise be included in the Company's base rates or Purchased Gas Adjustment mechanism.

(3) In accordance with our findings made herein, 33.3% ($37,625) of the funds budgeted for the water heater insulation blanket measure shall be reallocated between the low-flow shower head measure and the free faucet aerator measure, with the remaining 66% of the funds budgeted for use as part of the water heater insulation blanket measure not being spent.

(4) In accordance with the findings made herein, Columbia shall file in this docket with the Clerk of the Commission an annual report pursuant to § 56-602 E of the Code, containing the information set forth above, beginning May 1, 2011, and continuing on May 1 of every year for the term of the Company's CARE Plan.

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[7] Columbia's CARE Plan took effect on December 31, 2009, and will remain in effect through December 31, 2011. Thus the May 1, 2011 Report will be the first report filed by the Company under § 56-602 E of the Code. Columbia and the Commission's Staff previously had agreed upon Columbia's filing of annual reports by May 1 of 2011, 2012, and 2013. *See* Letter from Kerry R. Wortzel to James S. Copenhaver dated June 10, 2010, filed in Case No. PUE-2009-00051.

[8] *See*, December 4, 2009 Final Order, Attachment A, Proposed Stipulation and Recommendation at 8-9, describing how Measurement and Verification of the net economic benefits of the Company's conservation and energy efficiency programs will occur.

(5) There being nothing further to be done herein, this case shall be dismissed from the Commission's docket of active proceedings and the papers filed herein made a part of the Commission's file for ended causes.

CASE NO. PUE-2010-00100
SEPTEMBER 20, 2010

APPLICATION OF
RAPPAHANNOCK ELECTRIC COOPERATIVE

For authority to incur indebtedness

ORDER GRANTING AUTHORITY

On August 26, 2010, 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 up to $35,261,499 from the CoBank. Rappahannock has paid the requisite fee of $250.

Rappahannock is seeking authority to borrow $35,261,499 from CoBank to retire, prior to maturity, a like amount of debt currently outstanding with the Rural Utilities Services ("RUS"). There are no prepayment penalties associated with the early retirement of the RUS debt. The CoBank loan will have a maturity date of November 30, 2028. The interest rate on the CoBank loan is fixed for the life of the loan at 4.33%. According to the analysis provided by Rappahannock, it expects to generate over $2.1 million in interest savings as a result of this refinancing. In addition, Rappahannock's analysis shows that it will receive over $3.5 million in cash from CoBank in the form of patronage capital.

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 $35,261,499 in debt obligations from the 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 Economics and Finance a report of action, which shall include the amount of the advance, the interest rate, and the interest rate term.

(3) The authority granted herein shall have no implications for ratemaking purposes.

(4) There appearing nothing further to be done in this matter, it hereby is dismissed.

CASE NO. PUE-2010-00101
OCTOBER 13, 2010

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For approval of an agreement providing access to near real time operational data from Columbia Gas Transmission, LLC, pursuant to Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On August 26, 2010, Columbia Gas of Virginia, Inc. ("CGV" or "Applicant"), filed an application ("Application") with the State Corporation Commission ("Commission") requesting approval of a Letter Agreement dated July 28, 2010 ("2010 Agreement"), between CGV and Columbia Gas Transmission, LLC ("TCO"), pursuant to Chapter 4 of Title 56 ("Affiliates Act") of the Code of Virginia ("Code"). The proposed 2010 Agreement grants CGV access to certain operational near Real Time System ("RTS") data from TCO's Supervisory Control and Data Acquisition ("SCADA") and Electronic Measurement ("EM") applications. The Applicant also requests that the Commission approve this request as in the public interest without the necessity of a public hearing and grant such further relief as may be necessary and appropriate.

CGV is a Virginia public service corporation and natural gas local distribution company that serves approximately 240,000 residential, commercial, and industrial customers located in Central and Southern Virginia, the Piedmont region, the Shenandoah Valley, portions of Northern and Western Virginia, and the Hampton Roads region. CGV is a wholly owned subsidiary of the Columbia Energy Group, which is a wholly owned subsidiary of NiSource, Inc. ("NiSource").

TCO is a "natural gas company" as defined in Section 15 U.S.C. § 717(a) of the Natural Gas Act, which transports an average of three billion cubic feet of natural gas per day through a nearly 12,000-mile pipeline network in ten (10) states. TCO also owns and operates thirty-seven (37) natural gas storage fields in four states with nearly 600 billion cubic feet of total capacity. TCO's operations and services, including its rates and charges, are regulated by the Federal Energy Regulatory Commission ("FERC"). TCO is a wholly owned subsidiary of the Columbia Energy Group, which is a wholly owned subsidiary of NiSource.

NiSource is an energy holding company organized pursuant to the Energy Policy Act of 2005, whose subsidiaries provide natural gas transmission, storage and distribution, electric generation, transmission and distribution, and other products and services to approximately 3.8 million customers located within a corridor that runs from the Gulf Coast through the Midwest to New England. For the twelve months ending December 31, 2009, NiSource reported consolidated revenues of approximately $6.65 billion and net income of $218 million. NiSource employs 7,616 people and has a current market capitalization of approximately $4.5 billion.

Since CGV and TCO share the same senior parent company, NiSource, the companies are considered affiliated interests under § 56-76 of the Code. As such, CGV must obtain approval from the Commission pursuant to the Affiliates Act prior to entering into any contract or arrangement between the companies to furnish or receive services; purchase, sell, lease, or exchange any property, right, or thing ; or purchase or sell treasury bonds or treasury capital stock.

Compliance

In its July 18, 1996 Order in Case No. PUA- 1995-00025 ("PUA- 1995-00025 Order"),[1] the Commission approved CGV's Policy for Executing Revised or New Transportation Agreements with Affiliates ("Gas Supply Policy"), 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 its April 13, 2004 Order Granting Approval in Case No. PUE-2004-00013,[2] the Commission modified its PUA-1995-00025 Order to require CGV to provide notice to the Commission's Division of Public Utility Accounting as soon as such a gas-supply agreement becomes effective and to file for Affiliates Act approval within forty-five (45) days of the agreement's execution. The Applicant complied with both of these provisions in the filing of this Application.

Purpose of Application

TCO's SCADA application permits TCO to monitor conditions on its system to control the operations of its pipelines and storage fields, and TCO's EM application records the volumes of gas delivered to its customers, including CGV and other third parties. TCO does not allow direct access to its SCADA and EM applications by third parties. However, TCO captures and stores near RTS data from its SCADA and EM applications in a corporate database from which TCO's customers may subsequently access their near RTS data.

CGV requires the near RTS data to ensure that gas supplies delivered by TCO are at an adequate pressure level to maintain uninterrupted service and ensure that CGV is operating within Maximum Allowable Operating Pressure levels. CGV also uses the near RTS data for its daily demand forecasting process, and it may allow CGV to avoid upstream pipeline penalties when TCO issues Operational Flow Orders.

Currently, CGV accesses the near RTS data via TCO's X.25 Communications Network ("X.25 Network"). An August 5, 1993 Letter Agreement ("1993 Agreement"), which the Commission approved as part of the PUA-1995-00025 Order, establishes the terms and conditions of that access.

TCO is in the process of replacing its current SCADA system, which was developed in the 1980s. TCO expects the new SCADA system to be completed and in service by September 30, 2010. Once the new system is in place, the X.25 Network will no longer be functional. Therefore, CGV entered into the 2010 Agreement to replace the 1993 Agreement and ensure continued access to the near RTS data.

Terms and Conditions of 2010 Agreement

The pertinent sections of the 2010 Agreement are as follows :

Section 1 limits CGV's access to near RTS data from measuring stations where it is the Operator or Operator's agent for the location. According to Attachment A to the 2010 Agreement, CGV will have access to twenty-four (24) measuring stations. However, either CGV or TCO can modify Attachment A to add or delete measuring stations subject to the execution of the 2010 Agreement.

Section 2 defines operational near RTS data as station inlet and outlet pressures, station volume and energy flow rates, totalized volumes and energies (since 10:00 a.m. for each gas day), and gas quality information.

Section 3 states that the near RTS data will be provided by TCO to CGV via a delimited file placed on a NiSource Corporate Services Company FTP server. Section 4 provides for CGV to be responsible for the retrieval and processing of the near RTS data, which will be updated periodically during the day and be accessible on an automated basis by CGV's Gas Control function via its SCADA system. Section 5 clarifies that the near RTS data provided under the 2010 Agreement will be limited to the RTS data captured by the NiSource SCADA or EM systems.

Section 6 states that CGV will be assessed a one-time $5,000 setup fee for the services provided by TCO pursuant to the 2010 Agreement, which is a significant reduction from the $12,700 annual fee currently paid under the 1993 Agreement.

Section 7 allows TCO to change the near RTS data at any time. Sections 7, 8, and 9 minimize TCO's exposure to any loss, damage, or liability related to access, use, or change in the near RTS data.

Section 10 clarifies that nothing in the 2010 Agreement is intended to constitute a rate or charge for the transportation or sale of natural gas subject to the jurisdiction of the FERC.

The 2010 Agreement has no fixed term. Section 12 states that either party may cancel the 2010 Agreement upon 30 days' prior written notice.

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[1] *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).

[2] *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 (April 13, 2004).

Alternative Sources

CGV represents that it cannot internally replicate the near RTS data provided under the 2010 Agreement without duplicating TCO's installed equipment and the housing for such equipment, and developing a communications infrastructure. CGV estimates that the initial investment would cost approximately $900,000 to $1 million, and subsequent communications and maintenance costs would average $80,000 annually. CGV further represents that there is no readily ascertainable market for the services provided under the 2010 Agreement.

NOW THE COMMISSION, upon consideration of the Application and representations of the Applicant and having been advised by its Staff, is of the opinion and finds that the captioned Application appears reasonable. CGV requires the operational near RTS data from TCO in order to operate its local distribution system in a safe and effective manner. TCO's replacement of its current SCADA system requires a new agreement between CGV and TCO. The proposed 2010 Agreement should allow CGV to obtain the near RTS data at a significantly reduced cost. Therefore, we find that the proposed 2010 Agreement is in the public interest and should be approved subject to the condition that the approval granted herein should have no ratemaking implications. Specifically, the approval granted in this case will not guarantee the recovery of any costs directly or indirectly related to the 2010 Agreement.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, Columbia Gas of Virginia, Inc., is hereby granted approval to enter into the 2010 Agreement with TCO consistent with the findings set out above and as described herein.

(2) Commission approval shall be required for any changes in the terms and conditions of the 2010 Agreement, including changes in any successors or assignees.

(3) 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 2010 Agreement.

(4) The approval granted herein shall not preclude the Commission from exercising its authority pursuant to the provisions of §§ 56-78 and 56-80 of the Code hereafter.

(5) The Commission reserves the right to examine the books and records of any affiliate in connection with the approval granted herein whether or not such affiliate is regulated by this Commission.

(6) CGV shall include the transactions associated with the 2010 Agreement approved in this case in its Annual Report of Affiliate Transactions ("ARAT") submitted to the Director of the Commission's Division of Public Utility Accounting ("PUA Director") on May 1 of each year, subject to administrative extension by the PUA Director.

(7) 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 for the test year in such filings.

(8) 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-2010-00103
DECEMBER 17, 2010

APPLICATION OF
SOUTHSIDE ELECTRIC COOPERATIVE

For approval of a 100% Renewable Energy Tariff

ORDER APPROVING TARIFF

On August 27, 2010, Southside Electric Cooperative ("Southside" or the "Cooperative") filed an Application[1] for approval of its proposed Rider R for 100% renewable electric service ("Rider R") with the Virginia State Corporation Commission ("Commission") pursuant to the General Assembly's recently enacted § 56-577 A 6 of the Code of Virginia ("Code"). The Code provides that a cooperative may make a tariff for electric energy provided 100% from renewable energy available to one or more classes of its residential customers if the cooperative provides undifferentiated electric energy, retires a quantity of renewable energy certificates ("RECs") equal to 100% of the electric energy provided pursuant to such tariff, and makes appropriate disclosures regarding the RECs. The Code further provides that a cooperative must "disclose to its retail customers who express an interest in purchasing energy pursuant to such tariff (i) that the renewable energy is comprised of the retirement of renewable energy certificates, (ii) the identity of the entity providing the renewable energy certificates, and (iii) the sources of renewable energy being offered."

According to Southside, Rider R would be available on a voluntary basis as a "companion rate" to any customer who contracts with the Cooperative for the purchase and retirement of RECs equal to all of the customer's monthly metered kilowatt hour ("kWh") consumption under an existing Cooperative Rate Schedule. Southside also stated that Rider R would be available to any residential class customers with a consumption charge immediately upon approval by the Commission and available to any nonresidential class customers on a similar basis on and after July 1, 2012.

Southside further stated that the customer may terminate billing under Rider R by giving the Cooperative at least thirty (30) days' prior notice. After receiving such notice, the Cooperative would terminate billing under Rider R effective with, or prior to, the customer's next meter read date. The

[1] Application for Approval of 100% Renewable Tariff, Case No. PUE-2010-00103, Doc. Con. Cen. No. 100870733 (Aug. 27, 2010) ("Application").

Cooperative reserved the right to terminate Rider R or revise the pricing or minimum purchase amount after giving sixty (60) days' prior notice. According to the Cooperative, Rider R would not affect service taken by a customer under an existing applicable Rate Schedule.

Renewable energy charges for the Cooperative's Rider R would be in addition to all other charges due under the Cooperative's Terms and Conditions and the Rate Schedule applicable to the customer's service. Under proposed Rider R, the Renewable Energy Rate ("R") would be equal to $0.015 per kWh. The customer's total bill, including R, would never be less than zero.

On September 9, 2010, the Commission entered its Order for Notice and Comment that, among other things, docketed the Cooperative's Application; directed the Cooperative to provide notice of the Application to customers; provided interested persons an opportunity to comment on the Application; directed the Commission Staff ("Staff") to file comments on the Application; and provided the Cooperative with an opportunity to respond to the Staff's comments or to any filed comments by interested persons.

On October 14, 2010, public comments regarding the Application were filed by Mr. Robert Vanderhye, Green kW Energy, Inc. ("Green kW Energy"), Red Barn Trading, and the Old Mill Power Company ("Old Mill Power"). In his comments, Mr. Vanderhye questioned the sufficiency of the Cooperative's disclosure of information associated with Rider R. He stated:

> The Rider provides only that this information will be provided in the infrequent magazine published by the cooperative, and "upon request." Most people never read the magazine, and most people would not know to request the information. The source of the RECs and the source of the renewable energy itself should both be provided along with ANY AND ALL SOLICITATIONS associated with the program, and should also be provided on monthly bills. Only in this way will the information specified by the Legislature truly make its way into the hands of the customers.[2]

In its Comments, Green kW Energy stated that it believes the Application is inappropriate because it would give an unfair advantage over independent developers of renewable power projects and would discourage the development of such projects in Virginia.[3] Red Barn Trading requested in its comments that the Commission deny the Cooperative's Application because Rider R "(i) is inconsistent with the Commission's previous rulings on what renewable energy is; (ii) is in conflict with federal consumer protection law regarding deceptive labeling; and (iii) is in conflict with federal anti-trust law protecting small merchants like us from unfair competition."[4] Old Mill Power argued in its comments that Rider R (i) conflicts with federal consumer protection and federal anti-trust laws; (ii) is potentially deceptive to customers and thereby could divert sales of renewable energy and RECs from other vendors to the Cooperative; (iii) is not necessary for the Cooperative to conduct sales of RECs or renewable energy; (iv) is contrary to the public interest; (v) violates the Equal Protection Clause of the Fourteenth Amendment to the United States Constitution;[5] (vi) will not make renewable energy more available to customers or to the market generally; and (vii) is bad for Virginia's economy.[6]

On October 28, 2010, the Staff filed its report ("Staff Report") on Rider R's consistency with § 56-577 A 6 of the Code and on Rider R's technical soundness.[7] Staff suggested that the title of Rider R, "100% RENEWABLE ELECTRIC SERVICE," could lead to confusion about the actual service being offered and suggested that the Cooperative rename the tariff "to '100% RENEWABLE ENERGY ATTRIBUTES ELECTRIC SERVICE,' 'ELECTRIC SERVICE BACKED 100% BY RENEWABLE ENERGY CERTIFICATES' or some other moniker that more clearly recognizes the role renewable energy certificates play under this service, as is described in the body of the proposed tariff."[8] Staff also stated that Rider R's Availability and Applicability clause should be amended to the following:

> This Rider is available on a voluntary basis as a "companion rate" to any residential Customer who contracts with the Cooperative for the purchase and retirement of renewable energy attributes ("Renewable Energy") for all of the Customer's monthly consumption under an existing Cooperative Rate Schedule.[9]

Staff's proposed amendment deletes from Rider R's Availability and Applicability clause the sentence "[t]his Rider is available to residential class Customers immediately and available to any nonresidential class Customers on and after July 1, 2012."[10] According to Staff, this sentence may lead to confusion because "the proposed service would only be available to residential customers at this time and the Cooperative must make a filing after July 1, 2012, to

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[2] Comments of Robert Vanderhye, Case No. PUE-2010-00103, Doc. Con. Cen. No. 101020230 (Oct. 14, 2010). (Typographical errors in original corrected. Emphasis in original.)

[3] Comments of Green kW Energy, Case No. PUE-2010-00103, Doc. Con. Cen. No. 101020230 (Oct. 14, 2010).

[4] Comments of Red Barn Trading, Case No. PUE-2010-00103, Doc. Con. Cen. No. 101020230 (Oct. 14, 2010) ("Red Barn Trading Comments").

[5] U.S. Const., amend. 14, § 1.

[6] Comments of Old Mill Power, Case No. PUE-2010-00103, Doc. Con. Cen. No. 101020240 (Oct. 14, 2010) ("Old Mill Power Comments").

[7] Staff Report, Case No. PUE-2010-00103, Doc. Con. Cen. No. 101050030 at 3 (Oct. 28, 2010) (amended by Memorandum, Case No. PUE-2010-00103, Doc. Con. Cen. No. 101110105 (Nov. 3, 2010)).

[8] *Id*.

[9] *Id.* at 4.

[10] *Id*.

provide this service to non-residential customers in accordance with § 56-577 A 6 of the Code."[11] Finally, Staff determined that the proposed pricing and disclosure provisions of the tariff are acceptable.[12]

On November 4, 2010, Southside filed its Rebuttal Comments of the Electric Cooperatives ("Rebuttal Comments").[13] In its Rebuttal Comments, Southside considered the Staff Report "properly and appropriately constrained to examination of the Applications and Riders under the terms of Va. Code § 56-577."[14] Southside agreed with Staff's recommended modification of Rider R's Availability and Applicability clause but also suggested the addition of the word "class" so that the clause would read, "This Rider is available on a voluntary basis as a 'companion rate' to any *residential class* Customer. . .."[15] Southside acknowledged that, pursuant to § 56-577 A 6 of the Code, it will need to file an application for approval before offering a similar tariff to nonresidential class customers on or after July 1, 2012. Southside further stated that it disagreed with Staff's recommended title for the tariff. Instead, Southside suggested that Rider R be renamed "TARIFF FOR ELECTRIC ENERGY PROVIDED 100 PERCENT FROM RENEWABLE ENERGY" and asserted that this proposed title is a reasonable compromise because it tracks the language of § 56-577 A 6.[16]

Addressing Red Barn Trading's objection to Rider R being described as "100% renewable," Southside noted that § 56-577 A 6 of the Code allows such tariffs to be offered as renewable energy tariffs and that, accordingly, Rider R is inapposite to tariffs considered by the Commission in Case Nos. PUE-2008-00057 and PUE-2008-00044.[17]

In response to Mr. Vanderhye, Southside argued that the Cooperative periodical has a high percentage of readership and that the disclosure information provided by the Cooperative through this publication is sufficient to satisfy the disclosure requirements of § 56-577 A.[18]

In response to Green kW Energy, Southside asserted that tariffs such as Rider R would likely increase the incentive for future renewable energy projects at the wholesale level. The Cooperative stated that approval of Rider R would not prevent Green kW Energy, as a competitor in the marketplace, from marketing its own RECs and renewable energy. According to Southside, approval of Rider R could instead increase incentives for wholesale green energy products by creating more demand for RECs.[19]

In response to Old Mill Power, Southside stated that, although Rider R does bundle undifferentiated energy and RECs together, it does not do so in a way that violates federal anti-trust laws. According to the Cooperative, "the Code is clear and unambiguous in that both the undifferentiated energy and the REC must be offered, together, for the tariff to be 'deemed to offer' the 100% renewable electric service described in Va. Code § 56-577.A.6."[20] Southside further stated that neither Rider R nor the law restricts anyone from buying and selling RECs in the market on his or her own initiative.[21]

Addressing Old Mill Power's assertion that Rider R is potentially deceptive to customers and in violation of federal consumer protection laws, Southside noted that § 56-577 A 6 of the Code specifically defines the product the Cooperative may offer and the disclosures which must accompany it.

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[11] *Id*. (emphasis in original).

[12] *Id.* at 4-5.

[13] Nine electric cooperatives filed Rebuttal Comments collectively in individual and substantively identical proceedings seeking Commission approval of tariffs filed pursuant to § 56-577 A 6 of the Code. The nine cooperatives and the corresponding case numbers of the renewable energy tariff proceedings are as follows: Mecklenburg Electric Cooperative (PUE-2010-00066), BARC Electric Cooperative (PUE-2010-00067), Shenandoah Valley Electric Cooperative (PUE-2010-00068), Prince George Electric Cooperative (PUE-2010-00069), Northern Virginia Electric Cooperative (PUE-2010-00071), Central Virginia Electric Cooperative (PUE-2010-00085), Northern Neck Electric Cooperative (PUE-2010-00086), A&N Electric Cooperative (PUE-2010-00088), and Southside Electric Cooperative (PUE-2010-00103).

[14] Rebuttal Comments of the Electric Cooperatives, Case No. PUE-2010-00103, Doc. Con. Cen. No. 101110155 at 2-3 (Nov. 4, 2010).

[15] *Id*. at 3-4 (emphasis in original).

[16] *Id*. at 4.

[17] *Id.* at 5. *See also Application of Appalachian Power Company, For Approval of its Renewable Power Rider*, Case No. PUE-2008-00057, 2008 S.C.C. Ann. Rept. 557, Order Approving Tariff (Dec. 8, 2008) (approving Renewable Power Rider but declaring it is not a 100% renewable energy tariff under § 56-577 A 5 of the Code) and *Application of Virginia Electric and Power Company, For Approval of its Renewable Energy Tariff*, Case No. PUE-2008-00044, 2008 S.C.C. Ann. Rept. 539, Order Approving Tariff (Dec. 8, 2008) (approving tariff but declaring it is not a 100% renewable energy tariff under § 56-577 A 5 of the Code).

[18] Rebuttal Comments at 6-7. Section 56-577 A 6 of the Code requires the following disclosure:

> A cooperative . . . shall disclose to its retail customers who express an interest in purchasing energy pursuant to such tariff (i) that the renewable energy is comprised of the retirement of renewable energy certificates, (ii) the identity of the entity providing the renewable energy certificates, and (iii) the sources of the renewable energy being offered.

[19] Rebuttal Comments at 7-8.

[20] *Id*. at 8, n.16.

[21] *Id*. at 8-9.

Southside stated that it has made the statutorily required disclosures and will continue to do so.[22] Southside further stated that Old Mill Power's "contention that the Cooperatives would knowingly deceive and mislead their member-owners is antithetical to the core principles that govern the member-owned utilities."[23] According to the Cooperative, Rider R would not divert money invested in renewable energy away from other vendors and to electric cooperatives. Rather, Southside asserted that Rider R would add choice to the marketplace and that the Cooperative would look to the broader market to supply the RECs needed to serve the rider. Southside further asserted that Rider R would create a new demand for RECs and is in the public interest.[24]

Finally, Southside addressed equal protection concerns raised by Old Mill Power. According to the Cooperative, the interests of customers of investor-owned utilities and cooperative utilities are divergent for purposes of this proceeding. Accordingly, Southside argued that Rider R, if approved, would not treat similarly situated customers differently so as to give rise to any discrimination or disparate treatment that would violate the Equal Protection Clause of the United States Constitution.[25] The Cooperative further asserted that issues raised by Old Mill Power are policy concerns that are more appropriately addressed by the General Assembly.[26]

NOW THE COMMISSION, upon consideration of this matter, approves Rider R subject to the requirements set forth below. We note that § 56-577 A 6 of the Code provides, in relevant part, as follows:

> A tariff for one or more classes of residential customers filed with the Commission for approval by a cooperative on or after July 1, 2010, shall be deemed to offer a tariff for electric energy provided 100 percent from renewable energy if it provides undifferentiated electric energy and the cooperative retires a quantity of renewable energy certificates equal to 100 percent of the electric energy provided pursuant to such tariff. . .. A cooperative offering electric energy provided 100 percent from renewable energy pursuant to this subdivision that involves the retirement of renewable energy certificates shall disclose to its retail customers who express an interest in purchasing energy pursuant to such tariff (i) that the renewable energy is comprised of the retirement of renewable energy certificates, (ii) the identity of the entity providing the renewable energy certificates, and (iii) the sources of renewable energy being offered.

We find that Rider R satisfies the requirements prescribed by § 56-577 A 6 of the Code. Further, we agree with Staff that the disclosure provisions contained in Rider R are adequate.

Title of the Tariff

We agree that the Cooperative's original proposed title for Rider R, "100% RENEWABLE ELECTRIC SERVICE," may generate confusion as to the actual service being offered under the tariff. Further, we do not find that the Cooperative's proposed name change, "TARIFF FOR ELECTRIC ENERGY PROVIDED 100 PERCENT FROM RENEWABLE ENERGY," adequately and clearly describes the service offered under Rider R. Accordingly, we find that Staff's recommendation that the title of the tariff be changed to "100% RENEWABLE ENERGY ATTRIBUTES ELECTRIC SERVICE" or "ELECTRIC SERVICE BACKED 100% BY RENEWABLE ENERGY CERTIFICATES" should be adopted.

Availability and Applicability Clause

We note that § 56-577 A 6 provides as follows:

> A tariff for one or more classes of nonresidential customers filed with the Commission for approval by a cooperative on or after July 1, 2012, shall be deemed to offer a tariff for electric energy provided 100 percent from renewable energy if it provides undifferentiated electric energy and the cooperative retires a quantity of renewable energy certificates equal to 100 percent of the electric energy provided pursuant to such tariff.

We agree with Staff that the following sentence should be deleted from Rider R's Availability and Applicability clause: "[t]his Rider is available to residential class Customers immediately and available to any nonresidential class Customers on and after July 1, 2012." A tariff for nonresidential customers filed pursuant to § 56-577 A 6 must be filed, according to the statute, on or after July 1, 2012. Accordingly, we find that the Cooperative's recommended modification of the Availability and Applicability clause should be adopted to clarify that Rider R is available to residential class customers only.

Federal Law

Old Mill Power raised several concerns regarding federal statutory and constitutional law that it argues renders Rider R unfit for approval. We find that such concerns raised by Old Mill Power do not prohibit approval of this rider, which we have found to be consistent with § 56-577 A 6 of the Code. As argued by Southside, we find that the Virginia statute is not prohibited by federal law.

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[22] *Id.* at 9-10.

[23] *Id.* at 10.

[24] *Id.* at 10-11.

[25] U.S. Const., amend. 14, § 1.

[26] Rebuttal Comments at 11-12.

Requests for Hearing

In its comments, Red Barn Trading reserved the right to participate in any hearings the Commission might set in this case.[27] Old Mill Power also suggested in its comments that a hearing might be helpful to resolve any disputes over the facts of the case.[28] We find the written record in this docket adequate for us to evaluate Southside's Application and Rider R. The material facts in this case are not in dispute and, consequently, a hearing is not necessary for their determination.

Accordingly, IT IS HEREBY ORDERED THAT:

(1) Southside's Application is granted to the extent set forth in this Order Approving Tariff and is otherwise denied.

(2) Rider R is approved subject to the requirements and conditions set forth in this Order Approving Tariff, effective for service to residential customers rendered on and after the date of this Order.

(3) Southside shall submit its revised Rider R, incorporating the modifications set forth herein, to the Director of the Commission's Division of Energy Regulation within thirty (30) days of the date of this Order.

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

[27] Red Barn Trading Comments.

[28] Old Mill Power Comments at 18.

CASE NO. PUE-2010-00104
SEPTEMBER 23, 2010

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For authority to establish a credit facility

ORDER GRANTING AUTHORITY

On September 1, 2010, Virginia Electric and Power Company ("Virginia Power" or the "Company") filed an application with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia. In its application, the Company requests authority to establish a $120 million, three-year Revolving Credit Facility ("Credit Facility"). The Company paid the requisite fee of $250.

The Credit Facility will be provided on a committed basis, and any borrowings under the Credit Facility will be used to purchase tax-exempt variable rate securities in the event that these securities cannot be remarketed by the remarketing agent for any reason. The Credit Facility will replace the Company's existing $200 million revolving credit facility authorized by the Commission in Case No. PUE-2006-00010. The initial term of the Credit Facility will be three years from the date of execution and delivery of the Credit Facility but Virginia Power will have the option to extend the maturity for two one-year periods.

Borrowings under the Credit Facility will bear interest, at Virginia Power's election, at one of the following rates: (a) the higher of (i) the rate of interest publicly announced by JPMorgan Chase Bank N.A. as its prime rate in effect at its office in New York, New York and (ii) the federal funds effective rate from time to time plus 0.5%, and (iii) the Eurodollar rate for a one-month interest period plus 1.0%; or (b) the rate (adjusted for statutory reserve requirements for Eurocurrency liabilities) for Eurodollar deposits for a period equal to one, two, three, or six months (as selected by the Company) appearing on the Reuters Screen LIBOR01 Page (the "Eurodollar Rate") plus an applicable margin based on Virginia Power's senior unsecured long-term credit rating by Standard & Poor's Rating Group ("S&P"), Moody's Investor Service, Inc. ("Moody's") and Fitch Ratings Ltd. ("Fitch").

Commitment and annual facility fees on the Credit Facility will also be based on the Company's senior unsecured long-term credit rating by S&P, Moody's, and Fitch, payable in arrears at the end of each calendar quarter.

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) Virginia Power is authorized to establish a $120 million three-year syndicated Revolving Credit Facility, under the terms and conditions and for the purposes as stated in the application.

(2) Virginia Power shall file a copy of the Credit Facility promptly after it becomes available.

(3) On or before December 31 of 2011, 2012, and 2013, Virginia Power shall file a report detailing the use of the Credit Facility for the annual period commencing on the date the agreement is executed and include the date, amount, and applicable interest rate of each loan under the Credit Facility.

(4) The authority granted herein shall replace and supersede the authority granted in Case No. PUE-2006-00010.

(5) The authority granted herein shall have no implications for ratemaking purposes.

(6) This matter shall remain under the continued review, audit and appropriate directive of the Commission.

CASE NO. PUE-2010-00105
SEPTEMBER 23, 2010

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For authority to establish a credit facility

ORDER GRANTING AUTHORITY

On September 1, 2010, Virginia Electric and Power Company ("Virginia Power" or the "Company") filed an application with the State Corporation Commission ("Commission") under Chapters 3 and 4 of Title 56 of the Code of Virginia. In its application, the Company requests authority to establish a shared $500 million, three-year syndicated letter of credit facility ("LOC Facility") with its parent company, Dominion Resources, Inc. ("DRI"). The LOC Facility will be established pursuant to a credit agreement between the Company, DRI, the administrative agent and the lenders ("Credit Agreement"). The Company paid the requisite fee of $250.

The initial term of the LOC Facility will be three years from the date of execution and delivery of the Credit Agreement. However, DRI and Virginia Power will each have the option to extend the maturity for two one-year periods. While the LOC Facility will have a $500 million limit, Virginia Power and DRI will each have a sub-limit of $250 million each. The sub-limits of $250 million may be reallocated between Virginia Power and DRI up to six times per year by written notice to the administrative agent by both parties. Virginia Power and DRI intend to use the LOC Facility exclusively as the vehicle for providing letters of credit to third parties. The Company represents that a default by DRI will in no way constitute a default by Virginia Power and will not detrimentally impact its ability to access the LOC Facility.

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) Virginia Power is authorized to establish a $500 million three-year syndicated letter of credit facility, under the terms and conditions and for the purposes as stated in the application.

(2) Virginia Power shall file a copy of the LOC Facility promptly after it becomes available.

(3) Virginia Power shall notify the Commission within ten days of any reallocation of the sub-limits authorized herein.

(4) On or before December 31 of 2011, 2012, and 2013, Virginia Power shall file a report detailing the use of the LOC Facility for the annual period commencing on the date the Credit Agreement is executed and include the date, amount, and applicable interest rate of each loan under the LOC Facility.

(5) The authority granted herein shall have no implications for ratemaking purposes.

(6) The authority granted herein shall not preclude the Commission from applying the provisions of § 56-78 and § 56-80 of the Code of Virginia hereafter.

(7) The Commission reserves the right to examine the books and records of any affiliate in connection with the authority granted herein, whether or not such affiliate is regulated by this Commission.

(8) This matter shall remain under the continued review, audit and appropriate directive of the Commission.

CASE NO. PUE-2010-00106
SEPTEMBER 23, 2010

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For authority to establish a credit facility

ORDER GRANTING AUTHORITY

On September 1, 2010, Virginia Electric and Power Company ("Virginia Power" or the "Company") filed an application with the State Corporation Commission ("Commission") under Chapters 3 and 4 of Title 56 of the Code of Virginia. In its application, the Company requests authority to establish 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 will be established pursuant to a credit agreement between the Company, DRI, the administrative agent and the lenders ("Credit Agreement"). The Company paid the requisite fee of $250.

The initial term of the Credit Facility will be three years from the date of execution and delivery of the Credit Agreement. However, DRI and Virginia Power will each have the option to extend the maturity for two one-year periods. While the Credit Facility will have a $3 billion limit, Virginia Power will have a sub-limit of $1 billion and DRI will have a sub-limit of $2 billion. These sub-limits may be reallocated between the Virginia Power and DRI up to six times per year by written notice to the administrative agent by both companies. Virginia Power intends to use the Credit Facility for general corporate purposes, including commercial paper liquidity back-up. In addition, a portion of the Credit Facility will be available for letters of credit. The Company represents that a default by DRI will in no way constitute a default by Virginia Power and will not detrimentally impact its ability to access the Credit Facility.

The Credit Facility will be provided on a committed basis and will incorporate two borrowing arrangements: (1) a fully committed revolving credit loan facility, and (2) a competitive loan facility ("CLF") under which the lenders are not required to lend. The CLF is an uncommitted facility with borrowings occurring through a competitive auction basis with the auctions occurring at the request of the borrower.

Commitment and arranger fees associated with the Credit Facility are estimated to total $16,675,000 and will be paid by DRI's service company at closing and amortized over the life of the Credit Facility. A portion of these fees will be allocated to Virginia Power based on the Company's sub-limit as a percentage of the full Credit Facility's $3 billion limit. Annual facility fees and letter of credit fees will be based on the Company's senior unsecured long-term credit rating by Standard & Poor's Rating Group ("S&P"), Moody's Investor Service, Inc. ("Moody's") and Fitch Ratings Ltd. ("Fitch"), payable in arrears at the end of each calendar quarter.

Borrowings under the Credit Facility will bear interest, at Virginia Power's election, at one of the following rates plus an interest margin: (a) the higher of (i) the rate of interest publicly announced by JPMorgan Chase Bank N.A. as its prime rate in effect at its office in New York, New York, (ii) the federal funds effective rate from time to time plus 0.5%, and (iii) the Eurodollar rate for a one-month interest period plus 1.0%; or (b) the rate (adjusted for statutory reserve requirements for Eurocurrency liabilities) for Eurodollar deposits for a period equal to one, two, three, or six months (as selected by the Company) appearing on the Reuters Screen LIBOR01 Page plus an applicable margin based on Virginia Power's senior unsecured long-term credit rating by S&P, Moody's, and Fitch. Each loan under the CLF will be based upon the selected lender's bid bearing interest at an absolute rate or a margin above the Eurodollar rate, with Virginia Power specified maturities ranging from 7 days to 360 days.

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) Virginia Power is authorized to establish a shared $3 billion three-year syndicated Credit Facility, under the terms and conditions and for the purposes as stated in the application.

(2) Virginia Power shall file a copy of the Credit Facility promptly after it becomes available.

(3) Virginia Power shall notify the Commission within ten days of any reallocation of the sub-limits authorized herein.

(4) On or before December 31 of 2011, 2012, and 2013, Virginia Power shall file a report detailing the use of the Credit Facility for the annual period commencing on the date the Credit Agreement is executed include the date, amount, and applicable interest rate of each loan under the Credit Facility.

(5) The authority granted herein shall replace and supersede the authority granted in Case No. PUE-2006-00011.

(6) The authority granted herein shall have no implications for ratemaking purposes.

(7) The authority granted herein shall not preclude the Commission from applying the provisions of § 56-78 and § 56-80 of the Code of Virginia 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) This matter shall remain under the continued review, audit and appropriate directive of the Commission.

CASE NO. PUE-2010-00107
NOVEMBER 10, 2010

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.*

FINAL ORDER

On September 1, 2010, Virginia Electric and Power Company ("DVP" or "Company") filed with the State Corporation Commission ("Commission"), pursuant to § 56-599 C of the Code of Virginia and the guidelines established by the Commission in Case No. PUE-2008-00099

("Guidelines"),[1] its total system 2010 Integrated Resource Plan ("2010 IRP") that the Company also filed with the North Carolina Utilities Commission on September 1, 2010. Section E of the Guidelines provides that "by September 1 of each year in which a plan is *not* required, each utility shall file a narrative summary describing any significant event necessitating a major revision to the most recently filed IRP, including adjustments to the type and size of resources identified." Section E of the Guidelines further provides that "[i]f the utility provides a total system IRP in another jurisdiction by September 1 of the year in which a plan is not required, filing the total system IRP from the other jurisdiction will suffice for purposes of this section."

The filing was accompanied by a Motion for Protective Order and Additional Protective Treatment ("Motion").[2] According to the Company, "[a]dditional protective treatment is necessary for the extraordinarily sensitive Appendices in order to protect the competitive marketplace and the Company's ability to negotiate with vendors in the future."[3] The Company requested that the Commission grant its Motion and, additionally, that it be permitted to mark future information as extraordinarily sensitive for the reasons set forth in its Motion.

On September 24, 2010, the Commission entered its Order on Integrated Resource Plan Filing and Motion for Entry of a Protective Order ("Order"). In its Order, the Commission provided an opportunity for any interested party to file a response to the Company's Motion. The Order also permitted the Company to file a reply to any response filed by the Commission's Staff ("Staff") or any interested party.

On October 12, 2010, Staff filed its Response to Motion for Protective Order and Additional Protective Treatment ("Response"). In its Response, Staff objected to the Company's proposed protective order as it related to "the provision of future information by the Company, filed without an additional motion, that it marks as extraordinarily sensitive."[4] Staff requested that the Commission enter a protective order that would provide for the treatment of confidential and extraordinarily sensitive information in a manner consistent with the Protective Rulings entered in Case No. PUE-2009-00096.[5]

On October 20, 2010, DVP filed its Reply to Staff's Response to the Company's Motion for Entry of a Protective Order and Additional Protective Treatment ("Reply"). In its Reply, the Company stated that by requesting the ability to mark future information as extraordinarily sensitive, it sought "to establish an efficient framework to handle future requests for information that are underlying or of the same type or category as the specific information identified in the original Motion for Protective Order."[6] DVP further stated that counsel for the Company and Staff had agreed to a modified provision for the treatment of future information identified by the Company as extraordinarily sensitive. The Company requested that the proposed Protective Order be modified accordingly.

NOW THE COMMISSION, upon consideration of the filings herein as well as the applicable law and the Guidelines, is of the opinion and finds that the Company's 2010 IRP complies with the Guidelines and should be accepted for filing. The Commission is also of the opinion and finds that DVP's Motion for Protective Order and Additional Protective Treatment is no longer necessary and should, therefore, be denied. We note that the Commission has received no request during this proceeding for leave to review the confidential and extraordinarily sensitive information. Accordingly, we deny the Motion for Protective Order and Additional Protective Treatment as moot but direct the Clerk of the Commission to retain such information under seal.

Accordingly, IT IS ORDERED THAT:

(1) The Company's 2010 IRP shall be accepted for filing.

(2) The Company's Motion for Protective Order and Additional Protective Treatment is hereby denied; however, we direct the Clerk of the Commission to retain the confidential and extraordinarily sensitive information to which the Motion pertains under seal.

(3) There being nothing further to come before the Commission, this matter is dismissed from the Commission's active docket and the papers filed herein shall be placed in the Commission's file for ended causes.

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[1] *See Commonwealth of Va., ex rel. State Corp. Comm'n., Concerning Electric Utility Integrated Resource Planning Pursuant to § 56-597 et seq. of the Code of Virginia*, Case No. PUE-2008-00099, 2008 S.C.C. Ann. Rept. 606, Order Establishing Guidelines for Developing Integrated Resource Plans (Dec. 23, 2008).

[2] DVP simultaneously filed with the Clerk of the Commission both an original copy of its 2010 IRP, under seal, containing confidential and extraordinarily sensitive information, and a public version of its IRP with confidential and extraordinarily sensitive information redacted.

[3] Motion at 5.

[4] Staff Response at 2.

[5] *See Commonwealth of Virginia, ex rel. State Corp. Comm'n, 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, Hearing Examiner's Protective Ruling (Sept. 23, 2009), Addendum to Protective Ruling (Feb. 4, 2010), Hearing Examiner's Ruling (June 4, 2010).

[6] DVP Reply at 3.

CASE NO. PUE-2010-00108
NOVEMBER 10, 2010

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

In re: Appalachian Power Company's Integrated Resource Plan, 2010 Narrative Summary

FINAL ORDER

On September 1, 2010, Appalachian Power Company ("APCo" or the "Company") filed with the State Corporation Commission ("Commission") its Narrative Summary of Events Impacting the 2009 Integrated Resource Plan ("Narrative Summary") pursuant to § 56-599 C of the Code of Virginia and the guidelines established by the Commission in Case No. PUE-2008-00099 ("Guidelines").[1] Section E of the Guidelines provides that "by September 1 of each year in which a plan is *not* required, each utility shall file a narrative summary describing any significant event necessitating a major revision to the most recently filed IRP, including adjustments to the type and size of resources identified." APCo's Narrative Summary highlighted changes that have occurred to the Company's 2009 Integrated Resource Plan regarding load forecast, environmental compliance, renewable energy profiles, potential unit requirements, energy efficiency and demand response initiatives, capacity additions, and other operation considerations.

NOW THE COMMISSION, upon consideration of the applicable law and the Guidelines, is of the opinion and finds that the Company's Narrative Summary complies with the Guidelines and should be accepted for filing.

Accordingly, IT IS ORDERED THAT the Company's Narrative Summary shall be accepted for filing. With nothing further to come before the Commission, this matter shall be dismissed from the Commission's active docket and the papers filed herein shall be placed in the Commission's file for ended causes.

[1] *See Commonwealth of Va., ex rel. State Corp. Comm'n., Concerning Electric Utility Integrated Resource Planning Pursuant to § 56-597 et seq. of the Code of Virginia,* Case No. PUE-2008-00099, 2008 S.C.C. Ann. Rept. 606, Order Establishing Guidelines for Developing Integrated Resource Plans (Dec. 23, 2008).

CASE NO. PUE-2010-00109
OCTOBER 27, 2010

APPLICATION OF
NRGING, LLC

For a license to conduct business as an electric and natural gas aggregator

ORDER GRANTING LICENSE

On September 13, 2010, NRGing, LLC d/b/a NetGain Energy Advisors ("NetGain Energy" or "Company"), completed an application with the State Corporation Commission ("Commission") for a license to provide electric and natural gas aggregation services pursuant to the Commission's Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5-312-10 *et seq.* ("Retail Access Rules").[1] This application seeks authority to serve commercial and industrial customers throughout the Commonwealth of Virginia where retail access and customer choice are available. The Company attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B.

On September 15, 2010, the Commission issued an Order for Notice and Comment establishing the case; requiring that notice of the application be given to investor-owned electric utilities, electric cooperatives, natural gas distribution utilities, and other interested persons; providing for the receipt of comments from the public; and requiring the Commission's Staff to analyze the reasonableness of the application and present its findings in a staff report ("Staff Report"). The Company filed proof of service on September 23, 2010. No comments on NetGain Energy's application were received from the public.

The Staff Report was filed on October 18, 2010, and analyzed NetGain Energy's fitness to conduct business as an electric and natural gas aggregator. The Staff Report summarized NetGain Energy's proposal and evaluated its financial condition and technical fitness. The Staff recommended NetGain Energy be granted a license to conduct business as an electric and natural gas aggregator for commercial and industrial customers throughout the Commonwealth of Virginia where retail access is available. The Company did not file comments in response to the Staff Report.

NOW UPON CONSIDERATION of the application, the Staff Report, and applicable law, the Commission finds that NetGain Energy's application for a license to conduct business in the Commonwealth of Virginia as an aggregator for electric and natural gas service should be granted, subject to the conditions set forth below.

Accordingly, IT IS ORDERED THAT:

(1) NRGing, LLC d/b/a NetGain Energy Advisors is hereby granted License No. A-32 to be an aggregator for natural gas and electricity to commercial and industrial customers throughout the Commonwealth of Virginia. This license to act as an aggregator is granted subject to the provisions of the Retail Access Rules, this Order, and other applicable law.

[1] The application was originally filed on September 2, 2010, but was incomplete. With the filing of additional information on September 13, 2010, NetGain Energy completed its application.

(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, 2010-00110
OCTOBER 4, 2010

APPLICATION OF
APPALACHIAN POWER COMPANY

For authority to issue long-term debt securities

ORDER GRANTING AUTHORITY

On September 3, 2009, Appalachian Power Company ("APCo" or "Applicant") filed an application with the Virginia State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia for authority to issue long-term debt securities. In conjunction, Applicant requests authority to enter into one or more interest rate hedging arrangements to protect against future interest rate movements in connection with the long-term debt securities to be issued. Furthermore, APCo requests authority to utilize interest rate management techniques by entering into various Interest Rate Management Agreements ("IRMAs"). Applicant has paid the requisite fee of $250.

APCo proposes to issue secured or unsecured promissory notes ("Notes") up to the aggregate principal amount of $350,000,000 from time to time through December 31, 2011. The Notes may be issued in the form of First Mortgage Bonds, Senior Notes, Senior or Subordinated Debentures, Trust Preferred Securities or other unsecured promissory notes. Within certain limitations, APCo requests flexibility to select specific terms and conditions for the Notes based on market conditions at the time of issuance. The Notes will have maturities of not less than nine (9) months and not more than sixty (60) years. The interest rate may be fixed or variable.

APCo intends to sell the Notes (i) by competitive bidding; (ii) through negotiation with underwriters or agents; or (iii) by direct placement with a commercial bank or other institutional investor. Underwriting costs for the Notes are estimated to be 1.0% of the principal amount issued. The proceeds from the issuance of the Notes will be used primarily to reimburse APCo's treasury for construction program expenditures. Some proceeds however may be used to redeem, directly or indirectly, long-term debt; to refund, directly or indirectly, preferred stock; to repay short-term debt; and for other proper corporate purposes.

If used, Trust Preferred Securities would be issued by financing entities, which APCo would organize and own exclusively for the purpose of facilitating certain types of financings such as the issuance of tax advantaged preferred securities. The financing entities would issue Trust Preferred Securities to third parties. APCo requests approval of all necessary authorities to enable the issuance of Trust Preferred Securities.

APCo also requests authority to enter into agreements and assume obligations necessary for the payment of principal, interest, and other costs associated with the issuance and sale of up to $325,275,000 of tax exempt bonds ("Bonds") by the West Virginia Economic Development Authority (the "Authority") on behalf of Applicant. In addition to loan agreements with the Authority, other agreements may include remarketing agreements and credit facility agreements required to provide liquidity support for the issuance of variable rate Bonds. Up to $100,000,000 of the Bonds ("New Bonds") will be used to finance portions of the environmental and pollution control facilities at APCo's Amos Generating Station in Putnam County, West Virginia (the "Project"). The Authority has issued to APCo an award from the state ceiling for private activity bonds of carry forward of up to $150,000,000, under which the New Bonds will be issued. Applicant intends to use the remaining $225,275,000 of Bonds issued by the Authority on behalf of APCo to refund three separate series of outstanding tax exempt bonds.

Aggregate issuance costs associated with the Bonds are estimated by Applicant to be approximately $4,264,500, which may include, but not be limited to, underwriting compensation, trustee fees, legal fees, and rating agency fees. Without further Order of this Commission, the rate of interest on any Bonds will not exceed a fixed rate of 10.0% or an initial variable rate of 10.0%. In addition, the initial public offering price on the Bonds shall be less than 95% of the principal amount issued.

In conjunction with the issuance of the Notes and Bonds, Applicant requests authority, through December 31, 2011, to enter into one or more interest rate hedging arrangements to protect against future interest rate movements in connection with the issuance of the Notes and the Bonds. Such hedging arrangements may include, but not be limited to, treasury lock agreements, forward-starting interest rate swaps, treasury put options, or interest rate collar agreements ("Hedge Agreements"). All Hedge Agreements will correspond to the underlying amount of one or more of the Notes or Bonds. Consequently, the cumulative notional amount of the Hedge Agreements cannot exceed $350,000,000 for underlying Notes and $325,275,000 for underlying Bonds.

Finally, APCo requests a continuation of the authority, initially granted in Case No. PUE-2004-00123 and last granted in Case No. PUE-2009-00110, to utilize interest rate management techniques and enter into IMRAs through December 31, 2011.[1] The IRMAs will consist of interest rate swaps, caps, collars, floors, options, hedging forwards or futures, or any similar products designed and used to manage and minimize interest costs. IRMA transactions will be for a fixed period and based on a stated principal amount that corresponds to an underlying fixed or variable rate obligation of APCo, whether existing or anticipated. APCo will only enter into IRMAs with counterparties that are highly rated financial institutions. The aggregate notional amount of the IRMAs outstanding will not exceed 25% of APCo's existing debt obligations.

[1] Pursuant to the Commission's Order Granting Authority dated October 26, 2009, in Case No. PUE-2009-00110, APCo's existing authority to utilize IRMAs is set to expire after December 31, 2010.

NOW THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

(1) Applicant is hereby authorized under Chapter 3 and, to the extent necessary for Trust Preferred Securities, Chapter 4 of Title 56 of the Code of Virginia to issue and sell up to $350,000,000 of Notes, from time to time during the period January 1, 2011, through December 31, 2011, for the purposes and under the terms and conditions set forth in the application.

(2) Applicant is hereby authorized to enter into agreements and assume obligations necessary for the payment of principal, interest, and costs associated with the issuance and sale of up to $325,275,000 of Bonds from the date of this Order through December 31, 2011, for the purposes and under the terms and conditions set forth in the application.

(3) Applicant 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 $350,000,000 for underlying Notes and $325,275,000 for underlying Bonds.

(4) Applicant is authorized to enter into IRMAs for the purposes set forth in its application and to the extent that the aggregate notional amount outstanding does not exceed 25% of Applicant's total outstanding debt obligations during the period January 1, 201 1, through December 31, 2011.

(5) Applicant shall not enter into any IRMA or Hedge Agreement transactions involving counterparties having credit ratings of less than investment grade.

(6) Applicant shall submit to the Clerk of the Commission a preliminary Report of Action within ten (10) days after the issuance of any security pursuant to this Order to include the type of security, the issuance date, the amount of the issue, the interest rate or yield, the maturity date, and any securities retired with the proceeds.

(7) Applicant shall submit to the Clerk of the Commission a preliminary Report of Action within ten (10) days after it enters into any Hedge Agreement or IRMA pursuant to Ordering Paragraphs (3) and (4) to include: the beginning and, if established, ending dates of the agreement, the notional amount, the underlying securities on which the agreement is based, an explanation of the general terms of the agreement that explain how the payment obligation is determined and when it is payable, and a calculation of the cumulative notional amount of all outstanding IRMAs as a percent of total debt outstanding.

(8) Within 60 days after the end of each calendar quarter in which any security is issued pursuant to this Order, Applicant shall file with the Clerk of the Commission a more detailed Report of Action to include: the type of security issued, the date and amount of each series, the interest rate or yield, the maturity date, net proceeds to Applicant, an itemized list of expenses to date associated with each issue, a description of how the proceeds were used, an analysis demonstrating the cost savings from Notes used to refund existing debt, a list of all Hedging Agreements and IRMAs associated the debt issued, and a balance sheet reflecting the actions taken.

(9) Applicant's Final Report of Action shall be due on or before March 30, 2012, to include the information required in Ordering Paragraph (8) in a cumulative summary of actions taken during the period authorized.

(10) Applicant shall file a Report with the Commission's Division of Economics 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 filed within thirty (30) days of a decline below an investment grade bond rating from any rating agency and the report shall outline plans and actions to restore an investment grade bond rating.

(11) Approval of the application shall have no implications for ratemaking purposes.

(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 of Virginia.

(13) This matter shall remain under the continued review, audit, and appropriate action of this Commission.

CASE NO. PUE-2010-00111
SEPTEMBER 20, 2010

APPLICATION OF
SOUTHSIDE ELECTRIC COOPERATIVE

For authority to incur indebtedness

ORDER GRANTING AUTHORITY

On September 3, 2010, 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 up to $29,487,010 from the National Rural Utilities Cooperative Financing Corporation ("CFC"). Southside has paid the requisite fee of $250.

Southside is seeking authority to borrow $29,487,010 from CFC to retire, prior to maturity, a like amount of debt currently outstanding with the Rural Utilities Services ("RUS"). There are no prepayment penalties associated with the early retirement of the RUS debt. The new CFC debt will be structured as 17 distinct loans, each with a different maturity and corresponding interest rate. The loans will have a maturity of no more than 17 years. The interest rates associated with the debt will be fixed over the life of the new debt. According to the analysis provided in its application, Southside expects to

realize over $2.2 million in interest savings over the 17-year life of the new debt. Moreover, Southside will generate over $1 million in additional cash flow as a result of CFC patronage capital.

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 $29,487,010 in debt obligations from the CFC, 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 CFC, the Cooperative shall file with the Commission's Division of Economics and Finance a report of action, which shall include the amount of the advance, the interest rate, and the interest rate term.

(3) The authority granted herein shall have no implications for ratemaking purposes.

(4) There appearing nothing further to be done in this matter, it hereby is dismissed.

CASE NO. PUE-2010-00113
OCTOBER 5, 2010

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 In to and with its affiliate

ORDER GRANTING AUTHORITY

On September 10, 2010, Atmos Energy Corporation ("Atmos" or "Company") and Atmos Energy Holdings, Inc. ("AEH") (collectively "Applicants"), filed an application with the State Corporation Commission ("Commission") under Chapters 3 and 4 of Title 56 of the Code of Virginia (Va. Code §§ 56-55 et seq. and 56-76 et seq.) ("Code") requesting authority to incur short-term indebtedness up to a maximum of $1.135 billion between January 1, 2011, and December 31, 2011. The amount of short-term debt requested in the application is in excess of twelve percent (12%) of total capitalization as defined in § 56-65.1 of the Code 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 $350 million at any one time during 2011. By letter dated September 30, 2010, counsel for Applicants revised the requested effective date of the new authority to be December 1, 2010, in order to avoid potential violation of Chapters 3 or 4 of the Code under Atmos's current Commission authority.1 Applicants paid the requisite fee of $250.

Atmos proposes to incur short-term indebtedness by making drawdowns under existing credit facilities and lines of credit, increased or new credit facilities or lines of credit, or through the use of its commercial paper program. According to the application, borrowings under any of the credit facilities can bear floating rates of interest based on market conditions at the time of issuance or will be based on a spread above the then prevailing London InterBank Offered Rate ("LIBOR"), or at a negotiated interest rate, depending on the credit facility. Under the Atmos commercial paper program, the interest rate is set at the time of the advance and is based on capital market conditions. Atmos states that the funds will be used to repay all or a portion of the Company's outstanding short-term debt; to acquire and/or construct additional properties or facilities as well as improvements to the Company's existing plant; and for other general corporate purposes.

Atmos also proposes to continue to borrow from and lend to AEH, its wholly owned subsidiary, through a $350 million short-term cash credit facility ("Affiliate Facility") for the period December 1, 2010 through December 31, 2011. The requested loan to AEH will support the natural gas supply procurement efforts of Atmos Energy Marketing, LLC ("AEM"), another wholly owned subsidiary of Atmos, on behalf of, among others, Atmos. The Affiliate Facility will also supply cash working capital needs and financing of capital construction projects for affiliates of AEM. The interest rate on AEH loans from Atmos under the Affiliate Facility will be based on the higher of the one-month LIBOR plus 300 basis points or the AEM borrowing rate from its committed secured revolving letter of credit facility ("Stand Alone Facility") plus 75 basis points. Loans from AEH to Atmos will be priced at the lesser of the Atmos borrowing rate or the AEM borrowing rate under the Stand Alone Facility.

NOW THE COMMISSION, upon consideration of the application, as revised, and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

(1) Atmos is hereby authorized to incur short-term indebtedness up to $1.135 billion at any one time between December 1, 2010, and December 31, 2011, under the terms and conditions and for the purposes set forth in the application, as revised.

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[1] Atmos received Commission authorization to borrow up to $935 million in short-term debt and to borrow or lend up to $200 million in short-term funds from AEH in Case No. PUE-2009-00124. *See Application of Atmos Energy Corporation and Atmos Holdings, Inc., For authority to incur short-term debt and to lend and borrow short-term funds to and with its affiliate*, Case No. PUE-2009-00124, 2009 S.C.C. Ann. Rept. 550, Order Granting Authority (Dec. 28, 2009).

(2) Applicants are hereby authorized to borrow from and lend short-term funds to AEH up to an aggregate amount of $350 million between December 1, 2010, and December 31, 2011, under the terms and conditions and for the purposes set forth in the application, as revised.

(3) Applicants shall file no later than March 31, 2011, a report of action stating the major components of the renewed Stand Alone Facility agreement, including the new credit limit, date of maturity, and the interest rate index.

(4) Applicants shall file with the Commission quarterly reports of action no later than May 16, 2011, August 15, 2011, and November 15, 2011, reporting on its short-term debt activities during the previous calendar quarter. Such reports shall include a monthly schedule of daily short-term borrowings of Atmos separate from AEH borrowings, the average monthly balance, the average monthly interest rate, and the monthly maximum amount of short-term debt outstanding.

(5) Applicants shall submit to the Commission a final report of action on or before February 28, 2012, providing the information required in Ordering Paragraph (4) above for the fourth calendar quarter of 2011. The final report of action shall also include a summary schedule of fees paid by Atmos in 2011 for each line of credit, credit facility, bank facility or loan, with dates of origination and maturity for each provider of credit in effect during 2011.

(6) Applicant shall provide to the Division of Economics and Finance the quarterly financial reports for AEH that are provided to its lenders at the same time such reports are provided to the lenders.

(7) Commission approval shall be required for any subsequent changes in the terms and conditions of the Affiliate Facility.

(8) The authority granted herein shall not preclude the Commission from applying to Applicants the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

(9) The Commission reserves the right to examine the books and records of any affiliate of Applicants in connection with the authority granted herein, whether or not such affiliate is regulated by this Commission.

(10) Should Applicants wish to obtain authority beyond calendar year 2011, Atmos shall file an application requesting such authority no later than November 18, 2011.

(11) This matter shall remain under the continued review, audit, and appropriate directive of the Commission.

CASE NO. PUE-2010-00114
OCTOBER 5, 2010

APPLICATION OF
MECKLENBURG ELECTRIC COOPERATIVE

For authority to incur indebtedness

ORDER GRANTING AUTHORITY

On September 16, 2010, Mecklenburg Electric Cooperative ("Mecklenburg" 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 up to $250,000 in long-term debt. Mecklenburg has paid the requisite fee of $25.

Mecklenburg is seeking authority to borrow $250,000 from the United States of America under the Rural Economic Development Loan and Grant Program of the United States Department of Agriculture Rural Development Business and Cooperative Programs. Proceeds from the loan will be re-loaned to the Good Earth Peanut Company. Mecklenburg's loan will be in the form of a zero interest promissory note ("Note") and will be evidenced by its existing mortgage with the Rural Utilities Services. The term of the loan is ten years.

The loan between Mecklenburg and the Good Earth Peanut Company will be made under the same terms as the Note but will be evidenced by a Standby Letter of Credit.

THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

(1) Mecklenburg is authorized to incur up to $250,000 in debt obligations from the United States of America, 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, Mecklenburg shall file with the Commission's Division of Economics and Finance a report of action, which shall include the amount of the advance.

(3) Within thirty (30) days of the date of any funds being advanced by Mecklenburg to the Good Earth Peanut Company, Mecklenburg shall file with the Commission's Division of Economics and Finance a report of action, which shall include the amount of the advance.

(4) Within ten (10) days of the date of a default by the Good Earth Peanut Company under the loan agreement between it and Mecklenburg, the Cooperative shall notify the Commission's Division of Economics and Finance of said default.

(5) The authority granted herein shall have no implications for ratemaking purposes.

(6) There appearing nothing further to be done in this matter, it is hereby dismissed.

CASE NO. PUE-2010-00118
DECEMBER 21, 2010

JOINT PETITION OF
UNITED WATER VIRGINIA INC.
and
VIRGINIA-AMERICAN WATER COMPANY

For exemption from the filing and prior approval requirements of the Utility Transfers Act and Affiliates Act or, alternatively, for approval of a plan of merger pursuant to the Utility Transfers Act and Affiliates Act

ORDER GRANTING APPROVAL

On September 28, 2010, Virginia-American Water Company ("VAWC") and United Water Virginia Inc. ("United") (together with VAWC, the "Joint Petitioners") filed a joint petition with the State Corporation Commission ("Commission") pursuant to Chapter 5 of Title 56 ("Utility Transfers Act")[1] of the Code of Virginia ("Code"), requesting exemption from the filing and prior approval requirements of the Utility Transfers Act or, alternatively, approval of a plan of merger. On October 22, 2010, the Joint Petitioners amended the joint petition pursuant to Chapter 4 of Title 56 ("Affiliates Act")[2] of the Code to also request exemption from the filing and prior approval requirements of the Affiliates Act or, alternatively, approval of a plan of merger.

VAWC is a Virginia public service corporation headquartered in Alexandria, Virginia, which provides water service to approximately 54,400 customers in and around the cities of Alexandria and Hopewell, Virginia, and in Prince William County, Virginia. VAWC is a wholly owned subsidiary of American Water Works Company, Inc. ("American Water").

United also is a Virginia public service corporation that provides water service to approximately 2,630 customers in Westmoreland, Northumberland, Lancaster, King William, and Essex Counties, Virginia. United is a wholly owned subsidiary of VAWC and is managed operationally from a central office in Warsaw, Virginia. VAWC provides United with additional managerial, operational, engineering, financial, and technical support as needed.

Pursuant to a Plan of Merger of United Water Virginia Inc. with and into Virginia American Water Company ("Plan of Merger"), the Joint Petitioners propose to merge United and VAWC, with VAWC being the surviving entity. Following the proposed merger, VAWC will hold all of the assets of United, and United will cease to exist. VAWC will then be responsible for providing water service to those customers who were served by United. VAWC will continue to be owned by American Water. The Joint Petitioners state that this is a merger of a wholly owned subsidiary into its parent company and, therefore, no consideration will be paid for the assets.

In accordance with the Plan of Merger, all of the outstanding stock of United, which is owned by VAWC, will be cancelled and extinguished upon the effective date of the merger. VAWC's outstanding stock will remain unchanged, and no shares of VAWC common stock will be issued as a result of the proposed merger. The Plan of Merger states that, upon completion of the proposed merger, all of the rights, privileges, powers, and franchises of United will be transferred to VAWC, as well as all restrictions, disabilities, and duties of United. The Plan of Merger further states that all rights of creditors and all liens of property owned by United will be transferred to VAWC and may be enforced against VAWC as if such debts, liabilities, and duties had been incurred or contracted by VAWC.

VAWC currently separates its customers into three districts: Alexandria, Prince William, and Hopewell. Each district operates under its own tariff. The Joint Petitioners state that, after the proposed merger, VAWC will operate the United assets as its own separate district.[3]

The Joint Petitioners represent that the proposed merger is in the public interest and will generate a benefit for their customers. The Joint Petitioners represent that the primary benefit would be the anticipated savings from rate case preparations and presentations, duplication of record keeping, and miscellaneous costs of operating two companies versus one. The Joint Petitioners state that the customers will see no difference in their water service and that there will be no effect on rates as a result of the proposed merger.

United does not currently have an approved depreciation study on file with the Commission. Thus, United is not currently included in the calculation of VAWC's depreciation reserve deficiency, which is a regulatory asset measured on depreciable plant in the Alexandria, Hopewell, and Prince William districts. Since the July 22, 2005, settlement between VAWC and Commission Staff ("Staff") resolving all issues related to the 2003 depreciation study filed by VAWC, this regulatory asset has been subject to an earnings test on a company-wide basis.

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[1] §§ 56-88 through 56-92 of the Code.

[2] §§ 56-76 through 56-87 of the Code.

[3] Notice was not provided to customers, as the customers believe United and VAWC are one and the same. According to the Joint Petitioners, bills sent to United customers are similar to bills sent to VAWC customers; management of both companies is the same; customers of both companies have used, and will continue to use, the American Water Works Service Company Call Center to obtain service; and VAWC currently operates United under VAWC's name.

NOW THE COMMISSION, upon consideration of the joint petition and representations of the Joint Petitioners and having been advised by its Staff, is of the opinion and finds that an exemption from the filing and prior approval requirements of the Utility Transfers Act and the Affiliates Act is not in the public interest and should be denied. We further find that the proposed merger will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and is in the public interest. Therefore, the proposed merger meets the tests of the Utility Transfers Act and the Affiliates Act and should be approved. However, the merger should not change current requirements for United and VAWC regarding regulatory assets. Until such time as United's depreciable plant and reserve imbalance are analyzed in a future VAWC depreciation study, the earnings test used to measure recovery of this regulatory asset should exclude United and be based only on the operations of the Alexandria, Hopewell, and Prince William districts.

Accordingly, IT IS ORDERED THAT:

(1) The Joint Petitioners' request for an exemption from the filing and prior approval requirements of the Utility Transfers Act and the Affiliates Act is hereby denied.

(2) Pursuant to the Utility Transfers Act and the Affiliates Act, the Joint Petitioners are hereby granted approval of the merger of United with and into VAWC, as described herein.

(3) Within ninety (90) days of completing the merger, subject to administrative extension by the Commission's Director of Public Utility Accounting, the Joint Petitioners shall file a report with the Commission to include the date of the merger and the accounting entries on the books of VAWC reflecting the merger.

(4) The approval granted herein shall have no impact on the accounting and regulatory treatment of any United and VAWC regulatory assets.

(5) The Commission reserves the authority to examine the books and records of VAWC in connection with the approval granted herein.

(6) The approval granted herein does not preclude the Commission from exercising its authority pursuant to §§ 56-78 and 56-80 of the Code hereafter.

(7) There appearing nothing further to be done in this matter, it hereby is dismissed.

CASE NO. PUE-2010-00119
OCTOBER 6, 2010

APPLICATION OF
COMMUNITY ELECTRIC COOPERATIVE

For authority to incur indebtedness

ORDER GRANTING AUTHORITY

On September 30, 2010, Community Electric Cooperative ("Community" 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 up to $3,550,000 from the National Cooperative Services Corporation ("NCSC"). Community has paid the requisite fee of $250.

Community is seeking authority to borrow $3,550,000 from NCSC to retire, prior to maturity, a like amount of debt currently outstanding with the Rural Utilities Services ("RUS"). There are no prepayment penalties associated with the early retirement of the RUS debt. The new NCSC debt will be structured as 10 distinct loans, each with a different maturity and corresponding interest rate. The loans will have a maturity of no more than 10 years. The interest rates associated with the debt will be fixed over the life of the new debt. According to the analysis provided in its application, Community expects to generate over $836,000 in interest savings as a result of this refinancing.

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) Community is authorized to incur up to $3,550,000 in debt obligations from the NCSC, 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 NCSC, the Cooperative shall file with the Commission's Division of Economics and Finance a report of action, which shall include the amount of the advance, the interest rate, and the interest rate term.

(3) The authority granted herein shall have no implications for ratemaking purposes.

(4) There appearing nothing further to be done in this matter, it hereby is dismissed.

CASE NO. PUE-2010-00120
OCTOBER 29, 2010

APPLICATION OF
RAPPAHANNOCK ELECTRIC COOPERATIVE

For approval to borrow long-term debt from the U.S. Government and CoBank ACB

ORDER GRANTING AUTHORITY

On October 4, 2010, Rappahannock Electric Cooperative ("Rappahannock" or "Applicant") filed an application with the State Corporation Commission ("Commission") for approval to borrow long-term debt from the United State Government and CoBank, ACB ("CoBank") under Chapter 3 of Title 56 of the Code of Virginia. Applicant has paid the requisite fee of $250.

Applicant seeks authorization to borrow long-term debt up to $198,675,000 from the Federal Financing Bank ("FFB") and guaranteed by the Rural Utilities Service ("RUS"). Applicant also seeks authority to borrow up to $9,886,938 from CoBank. The initial debt issuances under the authority will be used to refinance the bridge financing[1] issued by Rappahannock to finance the acquisition of approximately 50% of the Virginia distribution assets ("Rappahannock Portion") of The Potomac Edison Company d/b/a Allegheny Power ("Potomac ,).[2] Rappahannock anticipates issuing $144,707,000 in 35 year debt to FFB and $9,886,938 of 35 year debt to CoBank in the near future to take advantage of the current low interest rate environment.

Rappahannock also seeks additional debt authority to finance its amended 2009-2012 work plan originally approved by RUS on October 21, 2009. According to the application, Rappahannock seeks $53,987,000 from RUS to support the amended 2009-2012 work plan, including a new $5.5 million Blue Ridge district office. The debt issued to support the amended 2009-2012 work plan will be issued from time to time over the next few years as the work is completed and documented with RUS.

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 Electric Cooperative is authorized to borrow up to $198,675,000 from the FFB and guaranteed by RUS, under the terms and conditions and for the purposes stated in its application.

(2) Rappahannock Electric Cooperative is authorized to borrow up to $9,886,938 from CoBank ACB, under the terms and conditions and for the purposes stated in its application.

(3) Rappahannock shall file a preliminary report of action with the Commission's Division of Economics and Finance within thirty (30) days of drawing any funds authorized herein, such report shall include the name of the lender providing the proceeds, date of drawdown, the initial rate period chosen, the initial interest rate, any floating rate index selected, amount of principal remaining available to be borrowed from each lender authorized herein.

(4) Approval of this application shall have no implications for ratemaking purposes.

(5) There appearing nothing further to be done in this matter, it is hereby dismissed.

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[1] *Application of Rappahannock Electric Cooperative, For authority to incur bridge financing from the National Rural Utilities Cooperative Finance Corporation and CoBank, ACB under Chapter 3 of Title 56 of the Code of Virginia*, Case No. PUE-2010-00018, Order Granting Authority, Doc. Con. Cen. No. 100550016, (May 18, 2010).

[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-2009-001 01, Order, Doc. Con. Cen. No. 100560231, (May 14, 2010).

CASE NO. PUE-2010-00121
OCTOBER 15, 2010

APPLICATION OF
BARC ELECTRIC COOPERATIVE

For authority to incur indebtedness

ORDER GRANTING AUTHORITY

On October 5, 2010, BARC Electric Cooperative ("BARC" 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 up to $4,215,111 from the National Cooperative Services Corporation ("NCSC"). BARC has paid the requisite fee of $250.

BARC is seeking authority to borrow $4,215,111 from NCSC to retire, prior to maturity, a like amount of debt currently outstanding with the Rural Utilities Services ("RUS"). There are no prepayment penalties associated with the early retirement of the RUS debt. The new NCSC debt will be structured as 14 distinct loans, each with a different maturity and corresponding interest rate. The loans will have a maturity of no more than 15 years. The

interest rates associated with the debt will be fixed over the life of the new debt. According to the analysis provided by the Cooperative, BARC expects to generate over $544,000 in interest savings as a result of this refinancing.

THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

(1) BARC is authorized to incur up to $4,215,111 in debt obligations from the NCSC, 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 NCSC, the Cooperative shall file with the Commission's Division of Economics and Finance a report of action, which shall include the amount of the advance, the interest rate, and the interest rate term.

(3) The authority granted herein shall have no implications for ratemaking purposes.

(4) There appearing nothing further to be done in this matter, it hereby is dismissed.

CASE NO. PUE-2010-00122
NOVEMBER 10, 2010

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

In re: Kentucky Utilities Company d/b/a Old Dominion Power Company's Integrated Resource Plan, 2010 Narrative Summary

FINAL ORDER

On October 5, 2010, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP" or "Company") filed with the State Corporation Commission ("Commission") its narrative summary ("Narrative Summary") with attachments regarding updates to its Integrated Resource Plan ("IRP") pursuant to § 56-599 C of the Code of Virginia and the guidelines established by the Commission in Case No. PUE-2008-00099 ("Guidelines").[1] Section E of the Guidelines provides that "by September 1 of each year in which a plan is *not* required, each utility shall file a narrative summary describing any significant event necessitating a major revision to the most recently filed IRP, including adjustments to the type and size of resources identified." KU/ODP's Narrative Summary indicated that the Company had no significant events that necessitate a major revision to the Company's most recent IRP. However, KU/ODP did attach as updates to the Commission, copies of portions of the filing made in the Kentucky Public Service Commission on March 30, 2010, which are related to an Annual Resource Assessment conducted therein. The Company also acknowledged that the Guidelines provide for the filing of the Narrative Summary by September 1, and expressed regret for missing the deadline.

NOW THE COMMISSION, upon consideration of the applicable law and the Guidelines, is of the opinion and finds that, though filed out of time, the Company's Narrative Summary otherwise complies with the Guidelines, and so should be accepted for filing.

Accordingly, IT IS ORDERED THAT the Company's Narrative Summary shall be accepted for filing. With nothing further to come before the Commission, this matter shall be dismissed from the Commission's active docket and the papers filed herein shall be placed in the Commission's file for ended causes.

[1] *See Commonwealth of Va., ex rel. State Corp. Comm'n., Concerning Electric Utility Integrated Resource Planning Pursuant to §§ 56-597 et seq., of the Code of Virginia,* Case No. PUE-2008-00099, 2008 S.C.C. Ann. Rept. 606, Order Establishing Guidelines for Developing Integrated Resource Plans (Dec. 23, 2008).

CASE NO. PUE-2010-00127
DECEMBER 3, 2010

PETITION OF
CLEVENGERS VILLAGE UTILITY, INC.

For authority to transfer assets pursuant to the Utility Transfers Act and to cancel its certificates of public convenience and necessity

ORDER GRANTING AUTHORITY

On October 20, 2010, Clevengers Village Utility, Inc. ("CVUI" or "Petitioner"), filed a petition with the State Corporation Commission ("Commission") pursuant to Chapter 5 of Title 56 of the Code of Virginia requesting approval of the transfer of a utility assets and to cancel CVUI's certificates of public convenience and necessity. CVUI and Culpeper County ("County") have agreed to transfer the utility assets ("South Wales Assets") that provide water and wastewater service to the residences of the South Wales subdivision located in Culpeper County, Virginia, from CVUI to the County. The County will not pay any consideration for the utility assets.

CVUI is a Virginia public service corporation and owner of the South Wales Assets used to provide water and wastewater service to the approximately 340 residences in the South Wales subdivision pursuant to its certificates of public convenience and necessity ("CPCN") Nos. W-318 and

S-92. CVUI is a wholly owned subsidiary of Centex Homes. Centex Homes is a leading national home building company and is owned by PulteGroup, Inc., a publicly traded company listed on the New York Stock Exchange. The County operates as a public service authority and provides water and wastewater service to customers in Culpeper County, Virginia.

In 2006, the South Wales Assets were transferred from South Wales Utility, Inc., and South Wales, L.P., to CVUI pursuant to the Commission's Final Order dated June 20, 2006, in Case No. PUE-2006-00016.[1] The transfer of the South Wales Assets to CVUI was the first step of a two-step process to transfer the South Wales Assets to Culpeper County.

The original South Wales subdivision was comprised of approximately 2,500 acres located near the intersection of Routes 229 and 211 in Culpeper County. This property straddles Route 229 and was platted as a subdivision in the early 1960s. Since the late 1980s, approximately 340 residences were built on the part of the subdivision west of Route 229, which is still known as South Wales. East of Route 229, the only development has been a golf course, a golf shop, and a single residence. This eastern part of the original subdivision was rezoned by Culpeper County for residential and commercial development and is now known as Clevengers Village. The County also amended its comprehensive plan to create an area called "Clevengers Corner Village Center," which includes Clevengers Village, the existing South Wales subdivision, and several other subdivisions adjacent to the intersection of Routes 229 and 211.

To obtain rezoning approval, the owners of the undeveloped property committed themselves to certain proffers, including financing the construction of, among other improvements, a new wastewater treatment plant and new drinking water systems ("New System") with capacity to serve the Clevengers Corner Village Center. These financial obligations were assumed by Centex Homes in connection with its acquisition of the subdivision's undeveloped property. After the New System was completed, the South Wales Assets were to be transferred to the County within sixty (60) days of the County's request, subject to Commission approval. The County requested the South Wales Assets be transferred to it by a letter to CVUI dated September 1, 2010.

Following the proposed transfer to the County, the South Wales Assets will be connected to the New System. The Petitioner represents that the customers served by the South Wales Assets will pay the County's current utility rates. CVUI is currently charging its customers the same rates that were established in 1988. Under the County's rate system, the average South Wales customer will see an increase of approximately nine percent. Existing customers will not be charged a connection fee when the South Wales Assets are connected to the New System.

The Petitioner states that the State Water Control Board permit for the New System's wastewater treatment plant imposes very strict limits and that its discharge is not allowed to have any significant effect on the Rappahannock River. The Rappahannock River is a state-designated Scenic River and is quite small at this location, which results in strict discharge requirements. The South Wales Assets' wastewater plant, which was installed around 1960, only has the capacity to serve the current 340 residences and is unable to meet the new effluent discharge limits. Further, the South Wales Assets' wastewater plant has experienced occasional permit violations and was subject to several State Water Control Board compliance orders. The Petitioner states that the South Wales Assets' wastewater plant would need to be replaced regardless of whether the assets are transferred to the County.

The Petitioner represents that South Wales customers would likely see a significant increase in rates if CVUI were to continue owning the assets. CVUI would need to install a similar wastewater system comparable to the New System's wastewater plant. The Petitioner states that this would require the existing 340 customers to bear rates that would cover operating costs and the cost of borrowing the capital to build the wastewater treatment plant as well as a reasonable rate of return for the owners.

Customers received notice of the proposed transfer by a letter from CVUI dated October 5, 2010. Further, customers were notified of the plan to transfer the South Wales Assets to the County in the PUE-2006-00016 case. No comments were filed in either case.

NOW THE COMMISSION, upon consideration of the petition and representations of the Petitioner and having been advised by its Staff, is of the opinion and finds that the proposed transfer will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and, therefore, should be approved. The Commission further finds that, upon transferring the assets to the County, CVUI's CPCNs should be cancelled.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-89 and 56-90 of the Code, the Petitioner is hereby granted approval of the transfer of the South Wales Assets to Culpeper County, as described herein.

(2) CVUI's Certificate Nos. W-318 and S-92 shall be cancelled upon transferring the assets to Culpeper County.

(3) Within ninety (90) days of completing the transfer, the Petitioner shall file a report with the Commission to include the date of the transfer, the actual transfer price, and the actual accounting entries on CVUI's books reflecting the transfer.

(4) There appearing nothing further to be done in this matter, it hereby is dismissed.

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[1] *Petition of South Wales Utility, Inc., South Wales L.P., and Clevengers Village Utility, Inc., For authority to transfer utility assets and certificates of public convenience and necessity pursuant to the Utility Transfers Act and Utility Facilities Act and for authority to serve the area certificated to South Wales Utility, Inc., in Culpeper County*, Case No. PUE-2006-00016, 2006 S.C.C. Ann Rept. 390, Final Order (June 20, 2006).

CASE NO. PUE-2010-00128
OCTOBER 29, 2010

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.*

ORDER ON MOTION FOR INTERIM AUTHORITY

On October 25, 2010, Atmos Energy Corporation ("Atmos") and Atmos Energy Marketing, LLC ("AEM") (collectively, the "Applicants"), filed a Joint Application with the State Corporation Commission ("Commission") seeking authority under Chapter 4 of Title 56 of the Code of Virginia ("Affiliates Act")[1] to enter into transaction confirmations under the Base Contract for Purchase and Sale of Natural Gas effective November 1, 2010 ("Gas Purchase Agreement"), described in their Joint Application. Additionally, the Applicants request interim authority to extend the applicability of the terms and conditions of the affiliate gas purchase arrangement approved in Case No. PUE-2006-00092[2] or, in the alternative, interim authority to proceed under the terms more favorable to Atmos in the Gas Purchase Agreement, until the Commission makes its decision regarding the Gas Purchase Agreement.

Currently, Atmos purchases firm gas supply (12,272 dekatherms per day) at an index price of NYMEX Henry Hub plus twelve cents per dekatherm. through an affiliate gas purchase agreement between Atmos and AEM approved by the Commission in Case No. PUE-2006-00092. Such gas is delivered to Atmos at a delivery point in Dickenson County, Virginia, commonly known as the NORA Point ("NORA"). This agreement expires October 31, 2010.

In order to provide for NORA supply going forward, on August 31, 2010, Atmos issued a request for proposals ("RFP") for competitive bids on its website for the NORA-delivered supply service. A total of 56 potential suppliers viewed the RFP; however, only one bid was submitted on September 30, 2010, and it was submitted by Atmos' affiliate, AEM.[3] Atmos and AEM request authority to enter into a new Gas Purchase Agreement for NORA supply. The Gas Purchase Agreement is in the form of a transaction confirmation, which will be an addendum to the North American Energy Standards Board 2003 Base Contract for Sale and Purchase of Natural Gas between Atmos and AEM ("2003 Base Contract"). The 2003 Base Contract was approved by the Commission in Case No. PUE-2006-00092.

The Applicants request that the Gas Purchase Agreement be authorized to go into effect as soon as possible upon the October 31, 2010 termination of the previous arrangement and that, in the interim between termination of the previous arrangement and approval of the Gas Purchase Agreement, the Commission permit the Applicants to extend the terms of the arrangement approved in Case No. PUE-2006-00092 to ensure that Atmos has an uninterrupted supply of gas from the NORA Point.

NOW THE COMMISSION, being sufficiently advised, is of the opinion and finds that the Motion for Interim Authority should be granted.

Accordingly, IT IS ORDERED THAT:

(1) The Applicants' October 25, 2010 Motion for Interim Authority is hereby granted. Atmos and AEM shall continue to abide by the terms of the arrangement approved in Case No. PUE-2006-00092 until further order of the Commission.

(2) This matter is continued.

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[1] § 56-76 *et seq*.

[2] *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).

[3] AEM previously indicated to Atmos that it was unlikely to be the supplier at the NORA delivery point after the expiration of the existing arrangement on October 31, 2010, because it had not obtained the discounts from EQT Corporation ("Equitable") as in the past. After receiving only one bid, Atmos followed up with other potential suppliers who had viewed the RFP and was informed that Equitable's failure to bid was the result of an oversight, and a second potential supplier's current obligation to serve another customer precluded its participation in the Atmos RFP bidding process. Had any non-affiliate of Atmos won the bid, Commission approval would not be necessary.

CASE NO. PUE-2010-00128
DECEMBER 21, 2010

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*.

ORDER GRANTING AUTHORITY

On October 25, 2010, Atmos Energy Corporation ("Atmos") and Atmos Energy Marketing, LLC ("AEM") (collectively, "Applicants"), filed a Joint Application ("Application") with the State Corporation Commission ("Commission") seeking authority under Chapter 4 of Title 56 ("Affiliates Act") of the Code of Virginia ("Code") for Atmos and AEM to enter into a Gas Purchase Agreement consisting of: (1) a transaction confirmation dated October 20, 2010 ("2010 Confirmation"); and (2) a North American Energy Standards Board Base Contract for Purchase and Sale of Natural Gas dated March 31, 2003 ("2003 Base Contract").[1] The proposed 2010 Confirmation will replace an Atmos-AEM transaction confirmation ("2006 Confirmation") previously approved by the Commission in Case No. PUE-2006-00092.[2] The 2003 Base Contract is the same base contract previously approved in the PUE-2006-00092 Order.

On the same day, the Applicants also filed a Motion for Protective Ruling ("Motion for Protective Ruling") pursuant to Rules 10 and 170 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq*. regarding confidential information included in the Application and provided to the Commission Staff ("Staff") during its review process.

The Application was filed only six (6) days before the Applicants' authority to operate under the previous agreements expired. Therefore, the Application also included a request for interim authority ("Request for Interim Authority") for Atmos and AEM to continue operating under the terms and conditions of the 2006 Confirmation and 2003 Base Contract or, in the alternative, to operate under the terms and conditions of the 2010 Confirmation and 2003 Base Contract, whichever is more favorable to Atmos, until the Commission issues an order in the instant Application. On October 29, 2010, the Commission issued an Order on Motion for Interim Authority ("October 29, 2010 Interim Order"), which granted the Request for Interim Authority.

On October 29, 2010, the Applicants filed a Motion to Amend Joint Application ("Motion to Amend"). In the Motion to Amend, the Applicants stated that they inadvertently included a different base contract ("2008 Base Contract") in the Application than the one for which they are seeking approval (the 2003 Base Contract). Therefore, the Applicants requested permission to replace Exhibit 3 of the Application, the 2008 Base Contract, with Attachment 1 of the Motion to Amend, the 2003 Base Contract.

Atmos,[3] which is headquartered in Dallas, Texas, is one of the largest natural gas distribution companies in the United States. Atmos's operations include six (6) regulated natural gas distribution business units and a regulated natural gas pipeline business unit that provide service to approximately 3.2 million residential, commercial, industrial, and public authority customers in the following twelve (12) states: Colorado, Georgia, Illinois, Iowa, Kansas, Kentucky, Louisiana, Mississippi, Missouri, Tennessee, Texas, and Virginia. In Virginia, Atmos provides natural gas distribution service to approximately 23,180 customers located in Abingdon, Blacksburg, Bristol, Marion, Pulaski, Radford, Wytheville, and their environs. Through non-regulated affiliates, Atmos provides natural gas management and marketing services to municipalities, other local gas distribution companies, and industrial customers located primarily in the Midwest and Southeast as well as natural gas transportation and storage services to certain of its regulated divisions and to third parties. For the fiscal year ending September 30, 2009, Atmos reported consolidated revenues of $4.97 billion and net income of $190 million. Its market capitalization is approximately $2.61 billion.

AEM,[4] which is headquartered in Houston, Texas, provides a variety of natural gas management services to municipalities, natural gas utility systems, and industrial natural gas consumers located primarily in the Southeastern and Midwestern states, and to Atmos' Kentucky/Mid-States, Louisiana, and Mississippi regulated utility business units. AEM aggregates and purchases gas supplies, arranges transportation and storage logistics and ultimately delivers gas to customers at competitive prices. To facilitate this process, AEM utilizes proprietary and customer-owned transportation and storage assets to provide various services their customers request, including furnishing natural gas supplies at fixed and market-based prices, contract negotiation and administration, load forecasting, gas storage acquisition and management services, transportation services, peaking sales and balancing services, capacity utilization strategies and gas price hedging through the use of financial instruments. AEM is a wholly owned subsidiary of Atmos Energy Holdings, Inc., which is a wholly owned subsidiary of Atmos.

Atmos and AEM are considered affiliated interests under § 56-76 of the Code. As such, Atmos is required to obtain prior approval from the Commission pursuant to the Affiliates Act for any agreement or arrangement between the companies for the provision of services, the exchange of property, rights, or things, or the purchase or sale of treasury bonds or stock.

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[1] On November 3, 2010, the Applicants filed a letter with the Commission to clarify that the intent of the Application is to obtain authority to operate under both the 2010 Confirmation and the 2003 Base Contract.

[2] *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 (November 13, 2006) (hereafter "PUE-2006-00092 Order").

[3] Atmos is not a holding company. Atmos itself holds the certificate of public convenience and necessity to provide natural gas distribution service to customers in Southwest Virginia.

[4] AEM was formerly known as Woodward Marketing, LLC ("Woodward"). In October 2003, Woodward merged with Trans Louisiana Gas Company and was renamed Atmos Energy Marketing, LLC.

The purpose of the proposed 2010 Confirmation and 2003 Base Contract is to create a formal arrangement whereby Atmos can purchase from AEM a firm base load supply of natural gas through the NORA delivery point ("NORA") located in Dickenson County, Virginia. Atmos and its predecessors-in-interest have purchased gas through NORA since 1993.

NORA is a gathering point for natural gas produced in the Appalachian Basin and delivered into the East Tennessee Natural Gas ("ETNG") pipeline in Southwest Virginia. NORA is controlled by EQT Corporation ("EQT"), previously known as Equitable Resources, which controls approximately 2.1 trillion cubic feet of proven natural gas reserves in the Appalachian Basin.[5] Most natural gas sales through NORA are made by EQT's energy marketing subsidiary or by another marketer, such as AEM, reselling EQT supply. As a result of NORA's proximity to the Atlantic Seaboard, NORA marketers avoid the long-haul costs of transporting gas from the Gulf Coast production region to eastern U.S. metropolitan areas. Therefore, EQT and other NORA marketers are able to charge higher commodity prices while remaining cost-competitive with Gulf Coast gas suppliers.

The Applicants represent that utilizing NORA provides Atmos with a reliable supply of nearby base load gas at a cost-effective price. Without the NORA gas, Atmos would be required to source and purchase 16,567 Dth/day of natural gas from the Gulf Coast region, acquire incremental pipeline capacity, and pay long-haul transport costs. Atmos performed several cost/benefit analyses to compare the cost of purchasing NORA gas from AEM with the cost of purchasing and transporting by itself Gulf Coast gas through several interstate pipelines, including SONAT, Transco, and TGP. Based on Atmos' analyses, the gas obtained from NORA under the proposed agreements will be less expensive than gas purchased and transported from the Gulf Coast.

Atmos represents that it issued a request for proposal ("RFP") for competitive bids on the NORA delivered gas supply service. Atmos posted the RFP on its RFP website, notified 271 potential suppliers of the RFP via electronic mail, and advertised the RFP in the Platts Gas Daily industry publication on three separate dates over the thirty (30)-day open bidding period. Fifty-six (56) potential suppliers reviewed the RFP. AEM submitted the sole bid on September 30, 2010, the last day of the bidding period. Atmos subsequently asked potential suppliers about the lack of bidding on the RFP. EQT stated that its failure to bid was an oversight on its part. Another potential supplier stated that an existing obligation to serve another customer precluded its participation in Atmos' RFP.

NOW THE COMMISSION, upon consideration of the Application and representations of the Applicant and having been advised by its Staff, is of the opinion and makes the following findings. First, the Motion to Amend replaces an incorrect agreement (the 2008 Base Contract) with the correct agreement (the 2003 Base Contract) for consideration. Therefore, we will grant the Motion to Amend. Second, we note that the instant Application involved no third party interveners, and any information received pursuant to the Application that is marked as confidential already receives confidential treatment. Therefore, we find that the Motion for Protective Ruling is unnecessary and should be denied.

Third, we believe that the proposed 2010 Confirmation and 2003 Base Contract should provide Atmos with reliable firm base load gas. Atmos has provided documentation showing that it made a good faith effort to bid competitively the proposed agreements, which are priced similarly to previously approved agreements. Atmos' cost/benefit analyses indicate that gas obtained from the NORA delivery point is less costly for Virginia ratepayers than gas purchased and transported from the Gulf Coast. Therefore, we find that the 2010 Confirmation and the 2003 Base Contract are in the public interest and should be approved subject to the requirements set forth below.

First, we will limit the duration of the authority granted in this case to the term of the proposed 2010 Confirmation, which expires March 31, 2014. If Atmos wishes to continue this arrangement after that date, further Commission approval will be required.

Second, we note that Atmos has a history of filing untimely applications in Affiliates Act matters. In the current case, Atmos and AEM had to seek interim authority to operate under the prior or the new agreements, whichever is more favorable to Atmos, because they filed only six (6) days before the prior agreements expired. Therefore, we will direct the Applicants to file for any future renewal of the NORA arrangement by no later than ninety (90) days before the expiration of the Affiliates Act authority granted in this case, or December 31, 2013.

Third, we will require Commission approval for any prospective changes in the terms and conditions of the 2010 Confirmation or 2003 Base Contract, including any changes in allocation methodologies affecting Atmos and successors or assignees.

Fourth, the authority granted herein will have no ratemaking implications. Specifically, the approval granted in this case will not guarantee the recovery of any costs directly or indirectly related to the 2010 Confirmation or 2003 Base Contract.

Fifth, we will direct Atmos to maintain records demonstrating that the gas supply obtained from NORA is cost-beneficial to Virginia ratepayers and cannot be obtained more economically from alternative sources. Such records should be available for the Commission Staff to review upon request.

Accordingly, IT IS ORDERED THAT:

(1) The Applicants' Motion to Amend is granted. The Applicants' Motion for Protective Ruling is denied; however, we direct the Clerk of the Commission to retain the confidential information, to which the Motion for Protective Ruling pertains, under seal.

(2) Pursuant to § 56-77 of the Code, Atmos Energy Corporation and Atmos Energy Marketing, LLC, are hereby granted authority to enter into the 2010 Confirmation and 2003 Base Contract consistent with the findings set out above and as described herein.

(3) Concurrent with the authority granted above, the Applicants' interim authority to operate under the 2006 Confirmation, which was granted in the October 29, 2010 Interim Order, is hereby terminated.

[5] In 2006, Duke Energy Corporation, the previous owner of ETNG, confirmed to Atmos that EQT owned all of the natural gas supply lines that feed into the ETNG system at NORA, which allows EQT to determine the producers who are allowed to bring gas through EQT's gathering system into ETNG. The Applicants believe that competition at NORA could occur if another producer were to construct a nearby supply line into ETNG. However, no such project is currently contemplated.

(4) The authority granted herein shall extend through March 31, 2014, the expiration date of the 2010 Confirmation. Should Atmos wish to continue the NORA arrangement with AEM beyond that date, further Commission approval shall be required. If the Applicants wish to avoid a break in service under the NORA arrangement, the prospective filing shall be made no later than ninety (90) days before the expiration of the Affiliates Act authority granted in this case, or December 31, 2013.

(5) Commission approval shall be required for any changes in the terms and conditions of the 2010 Confirmation or 2003 Base Contract, including changes in any allocation methodologies affecting Atmos and successors or assignees.

(6) The authority granted in this case shall have no ratemaking implications. Specifically, the authority granted in this case shall not guarantee the recovery of any costs directly or indirectly related to the 2010 Confirmation or 2003 Base Contract.

(7) Atmos shall maintain records demonstrating that the gas supply obtained from NORA under the 2010 Confirmation and 2003 Base Contract 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.

(8) The authority granted herein shall not preclude the Commission from exercising its authority pursuant to the provisions of §§ 56-78 and 56-80 of the Code hereafter.

(9) The Commission reserves the right to examine the books and records of any affiliate in connection with the authority granted herein whether or not such affiliate is regulated by this Commission.

(10) Atmos shall include the transactions associated with the 2010 Confirmation and 2003 Base Contract authorized in this case in its Annual Report of Affiliate Transactions ("ARAT") submitted to the Director of the Commission's Division of Public Utility Accounting ("PUA Director") on April 1 of each year, subject to administrative extension by the PUA Director.

(11) In the event that Atmos' annual informational filings or expedited or general rate case filings are not based on a calendar year, then Atmos shall include the affiliate information contained in its ARAT for the test year in such filings.

(12) 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-2010-00129
NOVEMBER 16, 2010

APPLICATION OF
SOUTHWESTERN VIRGINIA GAS COMPANY

For an Annual Informational Filing for the Test Period Ending June 30, 2010

ORDER GRANTING WAIVER

On October 26, 2010, Southwestern Virginia Gas Company ("Southwestern" or the "Company") delivered its Annual Informational Filing ("AIF") for the twelve (12) months ending June 30, 2010, to the State Corporation Commission ("Commission"), together with a Request for Waivers ("Request") of certain information required by the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings, 20 VAC-5-201-10 through -110 ("Rate Case Rules"). In its Request, Southwestern, by counsel, seeks a waiver pursuant to 20 VAC-5-201-10 E of the Rate Case Rules for reporting information for Southwestern Virginia Energy Industries, Ltd. (the "Parent"), and consolidated information for the Parent and the Company as required in the Rate Case Rule Schedules 1, 2, 6, and 7, as well as a waiver of the Rate Case Rules applicable to AIFs that require the Company to prepare and submit a jurisdictional cost of service study as a part of Schedule 40 of the Rate Case Rules. In support of its Request with regard to Schedules 1, 2, 6, and 7, Southwestern represents that its Parent: (i) has historically never contributed to the raising of capital for the Company; (ii) historically has never assisted the Company in raising capital by guaranteeing debt or in any other manner securing the Company's obligations; (iii) is a closely held corporation and not traded publicly; and (iv) does not have financial statements prepared for public distribution.[1]

With regard to the request to waive the requirement of Rate Case Rule Schedule 40 to prepare a jurisdictional cost of service study, Southwestern represented that it serves very few governmental non-jurisdictional customers and that these non-jurisdictional customers - government offices and schools - represent a very small portion of the Company's customers and gas throughput.[2] According to Southwestern, these non-jurisdictional customers pay for service on the basis of Commission-approved rates.[3] Additionally, the Company contends that these customers have no impact on the per-customer cost of service and that there is no economic justification to expend the money, time, and effort to create a non-jurisdictional cost of service study.[4]

On November 3, 2010, the Commission Staff ("Staff") responded to the Company's Request.[5] In its Response, the Staff advised that it did not oppose Southwestern's Request for the purposes of the captioned AIF but reserved the right to require the filing of all of the Rate Case Rule Schedules, if

[1] Request at 2.

[2] *Id.*

[3] *Id.*

[4] *Id.*

[5] *See* November 3, 2010 "Response of the Staff of the State Corporation Commission" ("Response").

necessary, in future AIFs and rate proceedings filed by Southwestern and further reserved its right to request that the Company provide additional or supplemental information as the Staff investigates the current AIF.[6]

NOW THE COMMISSION, upon consideration of the Request and the Staff's Response thereto, is of the opinion and finds that the captioned AIF and Request should be docketed; that Southwestern's Request regarding its Parent and the consolidated information of the Parent and the Company otherwise required in Rate Case Rule Schedules 1, 2, 6, and 7, as well as the requested waiver regarding the preparation and submission of a jurisdictional cost of service study are reasonable and should be granted;[7] and that the Staff should review Southwestern's AIF for the test period ending June 30, 2010, and shall file with the Clerk of the Commission a report on its findings. Moreover, we encourage the Company and the Staff to work together cooperatively in the event that the Staff requests the Company to provide additional information or to supplement the information already provided by Southwestern in the present AIF.

Accordingly, IT IS ORDERED THAT:

(1) The captioned application for the test period ending June 30, 2010, shall be docketed and assigned Case No. PUE-2010-00129.

(2) Consistent with the findings herein and as provided by 20 VAC-5-201-10 E of the Rate Case Rules, Southwestern is granted a waiver of the requirement to report information for Southwestern Virginia Energy Industries, Ltd., its Parent, or consolidated information for the Parent and the Company as would otherwise be required in the Rate Case Rule Schedules 1, 2, 6, and 7, as part of its AIF for the twelve (12) months ending June 30, 2010.

(3) Consistent with the findings herein and as provided by 20 VAC-5-201-10 E of the Rate Case Rules, the Company's requested waiver of the Rate Case Rules requiring the preparation and submission of a jurisdictional cost of service study as required by Rate Case Rule Schedule 40 is hereby granted.

(4) The Commission Staff shall review Southwestern's AIF for the test period ending June 30, 2010, and shall file with the Clerk of the Commission a report on its findings.

(5) This case is continued pending further order of the Commission.

[6] Response at 3.

[7] The waivers granted herein are limited to the unique circumstances identified by Southwestern for this AIF, and this Order should not be cited in support of other waiver requests by Southwestern or other public utilities subject to the Commission's jurisdiction.

CASE NO. PUE-2010-00130
OCTOBER 29, 2010

APPLICATION OF
BROOKFIELD WATER COMPANY, INC.

For an increase in rates and fees

PRELIMINARY ORDER

On or about August 25, 2010, Brookfield Water Company, Inc. ("Brookfield" or "Company"), pursuant to the Small Water or Sewer Public Utility Act (§§ 56-265.13:l *et seq*. of the Code of Virginia ("Code")), notified its customers and the State Corporation Commission's Division of Energy Regulation ("Division") of its intent to increase rates and fees effective for service rendered on and after November 1, 2010. The Company also requested to change from a bi-monthly billing cycle to a monthly billing cycle.

On October 26, 2010, the Division received a petition signed by 91 of Brookfield's 118 customers opposing the proposed rate increase. The petition requested that the State Corporation Commission ("Commission") fully review the proposed rate increase. The number of customers objecting to the proposed rate increase represents approximately 77% of the Company's total customers.

NOW THE COMMISSION, having considered the matter, is of the opinion that, pursuant to § 56-265.13:6 of the Code, a hearing should be scheduled on the Company's proposed rate increase, that the proposed rates should be suspended for a period of sixty (60) days, and that the proposed rates should thereafter be made interim, subject to refund with interest, until such time as the Commission renders its final decision in this proceeding.

Section 56-265.13:6 C of the Code, in part, provides:

> If the change in rates, fees, and charges results in an increase of 50 percent or greater of the small water or sewer utility's annual revenues . . . and, if a hearing is ordered, the Commission shall expedite the hearing on the change in rates, fees, and charges. The Commission shall also direct that the funds produced by the increase in rates, fees, and charges shall be held in escrow by the small water or sewer utility until the Commission has rendered its decision, at which time the funds held in escrow shall either be released to the small water or sewer utility or refunded to its customers. The Commission may, however, allow the funds held in escrow to be used as necessary to comply with environmental or health laws or regulations or to allow the small water or sewer utility to provide adequate service to its customers.

The provisions of § 56-265.13:6 C of the Code are mandatory; that is, the Commission is required by this statute to direct the funds to be held in escrow when a threshold of 50% or more increase in annual revenue is met or exceeded. We find that we have insufficient information at this time to

determine whether or not this threshold has been met; therefore, we will direct the Company to produce sufficient evidence to show the percent increase in annual revenue that is expected to result from the proposed rates. We will also direct the Company to produce certain other financial documents as described below. If the information produced by the Company establishes that there will be an increase of 50% or more in the Company's annual revenue, we will issue an order making any appropriate revisions to this Preliminary Order and any other orders issued in this proceeding, as necessary, and taking any further action that we deem appropriate.

Accordingly, IT IS ORDERED THAT:

(1) This matter shall be docketed and assigned Case No. PUE-2010-00130.

(2) Pursuant to § 56-265.13:6 of the Code, the Company's proposed rates are hereby suspended for a period of sixty (60) days, or until December 31, 2010, and thereafter made interim, subject to refund with interest until such time as the Commission has made a final decision in this proceeding.

(3) On or before November 19, 2010, the Company shall file sufficient evidence to show the percent increase in annual revenues that is expected to result from the proposed rates.

(4) On or before November 19, 2010, the Company shall file financial information with the Commission. Such information, based on the Company's proposed test year, shall include, at a minimum, an income statement; balance sheet; customer consumption by month; cash flow statement; the Company's most recent federal income tax return; and a rate of return statement, with work papers supporting all proposed adjustments to book amounts, which support the Company's proposed rate increase as required by the Commission's Rules Implementing the Small Water or Sewer Public Utility Act (20 VAC 5-200-40 *et seq.*).

(5) This matter shall be continued subject to further order of the Commission.

CASE NO. PUE-2010-00131
NOVEMBER 24, 2010

APPLICATION OF
NORTHERN VIRGINIA ELECTRIC COOPERATIVE

For approval for customers to participate in demand response programs

ORDER GRANTING CONDITIONAL APPROVAL

On October 26, 2010, Northern Virginia Electric Cooperative ("NOVEC"), by counsel, filed with the State Corporation Commission ("Commission") an application ("Application") for approval for its customers to participate in demand response programs ("DSR Programs") that NOVEC indicates are offered by PJM Interconnection ("PJM"), and in support thereof stated as follows:

(1) Certain of NOVEC's customers either currently participate or are eligible to participate in PJM's DSR Programs (the "Customers"). The Customers that currently participate are listed on Attachment 1 to NOVEC's Application.

(2) On October 17, 2008, the Federal Energy Regulatory Commission ("FERC") issued a Final Rule that, among other things, directed Regional Transmission Operators ("RTOs") and Independent System Operators ("ISOs") to revise their market rules as necessary to permit an aggregator of retail customers to bid demand response on behalf of those customers into the organized markets of the RTOs and ISOs ("Order 719").

(3) On July 16, 2009, FERC issued an Order on Rehearing regarding certain provisions of Order 719 ("Order 719-A") that directed RTOs and ISOs to amend their market rules as necessary to accept bids from aggregators of customers of utilities that distributed 4 million MWh or less in the previous fiscal year, such as NOVEC, "where the relevant electric retail regulatory authority permits such customers' demand response to be bid into organized markets" by aggregators.[1]

(4) Order 719 defined a "relevant electric retail regulatory authority" ("RERRA") as the "entity that establishes the retail electric prices and any retail competition policies for customers, such as the city council for a municipal authority, the governing board of a cooperative utility, or the state public utility commission."[2]

(5) On February 10, 2009, in FERC Docket RM07-19-001, PJM proposed, among other items, revisions to its Open Access tariff related to the DSR Programs. For PJM's Economic Load Response Program ("ELRP"), PJM notified its market participants that ELRP registrations for end-use sites served by Small Electric Distribution Companies ("EDCs"), such as NOVEC, would be terminated on December 4, 2009 (later extended until December 18, 2009) unless evidence of the applicable RERRA's permission or conditioned permission to participate was supplied to PJM by the EDC or load serving entity ("LSE").[3] Appropriate evidence of approval includes an order, resolution or ordinance of the RERRA or an opinion of the state attorney general on behalf of the RERRA verifying the existence of such order, resolution, or ordinance.

[1] Order 719-A at ¶ 51.

[2] Order 719 at ¶ 154.

[3] PJM Interconnection, L.L.C.; Third Revised Rate Schedule FERC No. 24, First Revised Original Sheet No. 74A.01, Superseding Original Sheet No. 74A.01; Section 1.5A.3.01 Economic Load Response Registrations in Effect as of August 28, 2009.

(6) For PJM's Interruptible Load for Reliability Program ("ILRP"), PJM's new rules require participants to submit completed registration forms ten (10) business days prior to the applicable ILRP certification deadline. The EDC and LSE have ten (10) business days to respond.[4] The deadline for the 2011/2012 ILRP certification is April 1, 2011. Once admitted to the ILRP, a Customer cannot withdraw within that program year.

(7) On December 3, 2009, NOVEC's Board of Directors ("Board") adopted a resolution that, according to NOVEC, allowed qualified NOVEC Customers to continue to participate in the DSR Programs (the "Resolution"). On December 8, 2009, NOVEC provided the Resolution to PJM. In response to a PJM inquiry, NOVEC stated that NOVEC's Board is "the governing board of a cooperative utility" and "establishes prices and policies for competition."[5] Correspondence attached to NOVEC's Application indicates that on December 8, 2009, PJM accepted NOVEC's representation that "NOVEC is in fact the RERRA that has jurisdiction over and establishes prices and policies for competition for its member providers of retail electric service to end-customers."[6]

(8) On February 17, 2010, several Virginia electric cooperatives applied collectively to the Commission for conditional approval of their customers' participation in the DSR Programs. On February 26, 2010, the Commission issued an Order granting conditional approval to the participation of those cooperatives' customers in the ELRP and ILRP and instructing the cooperatives to provide a copy of the Order to PJM as proof of the requisite RERRA approval.[7]

(9) In light of the Commission's February 26, 2010 Order granting conditional approval for customers of Virginia electric cooperatives to participate in the DSR Programs, and in the interest of regulatory consistency, NOVEC requested that the Commission, as a RERRA, grant authority to the Customers to participate in the DSR Programs in the coming program year, 2011/2012.

(10) The Commission's approval, if granted, will preserve the status quo by enabling the Customers to continue providing this valuable capacity resource to the PJM system and to NOVEC. For example, seven of NOVEC's Customers participated in the load management event called by PJM for the Dominion Zone on July 7, 2010, in the midst of the summer's intense heat wave.

NOW THE COMMISSION, having considered the Application, hereby dockets this matter as Case No. PUE-2010-00131 and grants approval of the Application, subject to the conditions discussed below.

Consistent with prior rulings of the Commission,[8] we hereby grant permission for NOVEC's Customers who are specifically identified on Attachment 1 to participate in the DSR Programs, as indicated by Attachment 1, on the condition that such participation be limited and subject to the terms and conditions of any further action of the Commission. As requested by NOVEC, we further grant permission for NOVEC's Customers who are not included on Attachment 1 to participate in the DSR Programs.[9] This approval is similarly granted on the condition that such participation be limited and subject to the terms and conditions of any further action of the Commission.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed as Case No. PUE-2010-00131.

(2) The Commission grants NOVEC's Customers conditional permission to participate in the DSR Programs, limited by and subject to any future action of the Commission.

(3) NOVEC shall provide a copy of this Order to PJM and to each Customer identified in Attachment 1.

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[4] PJM Interconnection, L.L.C.; Third Revised Rate Schedule FERC No. 24, First Revised Original Sheet No. 146.02, Superseding Original Sheet No. 146.02; Registration.

[5] Application at 3.

[6] E-mail from Patrick Toulme, Vice President and Counsel, NOVEC, to Jeanine Schleiden, Counsel, PJM interconnection, L.L.C. (Dec. 8, 2009). PJM's acceptance is noted in an e-mail from Jeanine Schleiden to Patrick Toulme (Dec. 8, 2009). A copy of these e-mails is Attachment 3 to the Application.

[7] *See Application of A&N Electric Cooperative, BARC Electric Cooperative, Central Virginia Electric Cooperative, Mecklenburg Electric Cooperative, Northern Neck Electric Cooperative, Prince George Electric Cooperative, Rappahannock Electric Cooperative, Shenandoah Valley Electric Cooperative, and Southside Electric Cooperative, For conditional approval for certain identified customers to participate in the PJM Interconnection Interruptible Load for Reliability Program and Economic Load Response Program*, Case No. PUE-2010-00014, Order, Doc. Con. Cen. No. 100280139 (Feb. 26, 2010).

[8] *See, e.g., Application of A&N Electric Cooperative, BARC Electric Cooperative, Central Virginia Electric Cooperative, Mecklenburg Electric Cooperative, Northern Neck Electric Cooperative, Prince George Electric Cooperative, Rappahannock Electric Cooperative, Shenandoah Valley Electric Cooperative, and Southside Electric Cooperative, For conditional approval for certain identified customers to participate in the PJM Interconnection Interruptible Load for Reliability Program and Economic Load Response Program*, Case No. PUE-2010-00014, Order, Doc. Con. Cen. No. *100280139* (Feb. 26, 2010); *Application of Rappahannock Electric Cooperative, Shenandoah Valley Electric Cooperative, A&N Electric Cooperative, and Southside Electric Cooperative, For conditional approval for certain identified customers to participate in the PJM Interconnection Interruptible Load for Reliability Program, Demand Resource Program, and Economic Load Response Program*, Case No. PUE-2010-00051, Order, Doc. Con. Cen. No. 100630215 (June 11, 2010).

[9] Similarly, for the customers identified in Attachment 1, this approval extends to their participation in DSR Programs other than those specifically associated therewith on Attachment 1.

(4) Within thirty (30) days of this Order, NOVEC shall file with the Commission a report of action demonstrating compliance with Ordering Paragraph (3) above.

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

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.

CASE NO. PUE-2010-00133
DECEMBER 20, 2010

APPLICATION OF
VIRGINIA NATURAL GAS, INC.,
AGL RESOURCES INC.,
and
AGL SERVICES COMPANY

For authority to issue short-term debt, long-term debt, and common stock to an affiliate

ORDER GRANTING AUTHORITY

On November 15, 2009, Virginia Natural Gas, Inc. ("VNG"), AGL Resources Inc. ("AGLR"), and AGL Services Company ("AGL Services") (collectively, "Applicants"), filed an application under Chapters 3 and 4 of Title 56 of the Code of Virginia ("Code") requesting authority for VNG to participate in an AGLR Utility Money Pool, to issue and sell common stock to an affiliate, and to issue long-term debt to an affiliate. The amount of short-term debt, including money pool transactions proposed in the application, exceeds twelve percent of the total capitalization as defined in § 56-65.1 of the Code. Applicants paid the requisite fee of $250.

VNG, AGLR, and AGL Services request authorization for VNG to: (i) issue short-term debt up to an aggregate balance of $150,000,000 through participation in the AGLR Utility Money Pool ("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, 2011.

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-2009-00127, PUE-2008-00110, PUE-2007-00108, PUE-2006-00119, PUE-2005-00104, PUE-2004-00132 and PUE-2003-00548, among other cases. Terms of significance will vary with respect to the particular type of security as noted in the application.

Applicants' requested level of short-term debt borrowing authority through the Utility Money Pool is identical to the level previously requested and authorized in Case No. PUE-2009-00127. 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 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 as approved by the Commission's Order Granting Authority in Case No. PUE-2004-00132. With respect to the Utility Money Pool, loans to participants will be made in the form of open account advances for periods of less than 12 months. Borrowings will be payable on demand together with all interest accrued thereon. Interest on borrowings will accrue daily at a rate that will be determined based on the source of funds available in the Utility Money Pool.

If Utility Money Pool borrowings in a given month solely consist of surplus funds from participants ("Internal Funds"), the daily interest rate will be equal to the high-grade unsecured 30-day commercial paper of major corporations sold through dealers as quoted in The Wall Street Journal. If Utility Money Pool borrowings in a given month solely consist of proceeds from bank borrowings or the issuance 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 and External Funds, the rate will reflect a composite rate, equal to the weighted average cost of Internal and External Funds.

The cost of compensating balances and fees paid to banks to maintain credit lines that support the availability of External Funds to the Utility Money Pool will be allocated to borrowing parties in proportion to their respective daily outstanding borrowing of External Funds. Borrowing parties will borrow pro rata from each fund source in the same proportion that the respective funds from each source bear to the total amount of funds available to the Utility Money Pool.

With respect to long-term debt issued by VNG to AGLR, any terms and conditions thereon will mirror the terms and conditions of debt issued by AGLR. If AGLR does not issue long-term debt within one year from the date of the proposed financings, the rate of interest will be determined utilizing the nearest 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 rate will be adjusted to match AGLR's cost of borrowing if AGLR subsequently issues long-term debt within one year after the loan is drawn.

For common stock, VNG requests authority to issue up to 6,282 shares of common stock without par value to AGLR. If all additional shares of common stock are issued pursuant to this request, the total number of common shares outstanding will be 10,000 shares. This is equal to the total number of shares authorized. The common stock will be sold at the book value of VNG's common equity as of its most recent balance sheet date immediately prior to the sale date.

Applicants state that the proposed issuance of long-term debt and common equity will be used to reduce short-term borrowings, 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 AGLR 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, 2011, through December 31, 2011, 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, 2011, 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, 2011, Applicants shall file an application requesting such authority no later than November 15, 2011.

(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 Economics and Finance with at least thirty (30) days' advance notice of the prospective amount and date of any dividend payment by VNG to AGLR.

(8) The Commission reserves the right to examine the books and records of any affiliate in connection with the authority granted herein, whether or not such affiliate is regulated by this Commission.

(9) Applicants shall file quarterly reports of action within 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 1, 2012, to include all of the information outlined in Ordering Paragraphs (9) and (11) herein, summarizing the financings entered into pursuant to Ordering Paragraphs (1) and (2) during the fourth calendar quarter of 2011.

(13) This matter shall be continued subject to the continuing review, audit, and appropriate directive of the Commission.

CASE NO. PUE-2010-00136
DECEMBER 29, 2010

APPLICATION OF
RAPPAHANNOCK ELECTRIC COOPERATIVE

For approval of Revisions to the Financial Security Agreement for Customers Utilizing Schedule LP-2

ORDER APPROVING REVISIONS

On November 23, 2010, Rappahannock Electric Cooperative ("Rappahannock" or "Cooperative") filed an application seeking approval from the State Corporation Commission ("Commission") of proposed revisions to its Closed Heavy Industrial Schedule LP-2 ("Schedule LP-2") and to its Financial Security Agreement for Customers Utilizing Schedule LP-2 ("Security Agreement").

The Cooperative explained that its single customer served under Schedule LP-2, an industrial customer in Hanover County, Virginia, had sought protection of the U.S. Bankruptcy Court earlier in 2010. Rappahannock has been actively participating as a member of the Creditors Committee in that proceeding to protect the interests of its members. During the proceedings, a potential purchaser emerged for the industrial concern and was approved by

order of the Bankruptcy Court dated November 3, 2010. The requested revisions to Schedule LP-2 and the Security Agreement are necessary to effect the continued provision of service to the industrial customer, payment for service previously received and to provide security to the Cooperative for such continued provision of service.

In support of its application, Rappahannock appended various exhibits, including a resolution of support for the proposal from its Board of Directors and letters of acceptance from the purchaser of the proposed revisions. The Commission Staff has reviewed the application and has found the revisions to be appropriate.

NOW THE COMMISSION, being sufficiently advised, approves the revisions to Schedule LP-2 and to the Security Agreement requested herein by Rappahannock.

Accordingly, IT IS ORDERED THAT:

(1) The revisions to Schedule LP-2 and to the Security Agreement requested by Rappahannock are hereby approved.

(2) There being nothing further to come before the Commission, this case is hereby dismissed and the papers filed herein shall be placed in the file for ended causes.

DIVISION OF SECURITIES AND RETAIL FRANCHISING

CASE NO. SEC-1995-00025
NOVEMBER 10, 2010

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
1st EQUITY INTERNATIONAL, a/k/a FIRST EQUITY INTERNATIONAL, INC. d/b/a
PAYDAY LOAN CENTERS a/k/a FEI, INC.,
KESTRAL TRUST LIMITED,
and
JOSEPH R. KINGSLEY,
Defendants

FINAL ORDER

On April 25, 1995, a Rule to Show Cause was issued against First Equity International, Inc., Kestral Trust Limited, and Joseph R. Kingsley (collectively, "Defendants"). A hearing was scheduled on September 13, 1995, and required responsive pleadings to be filed with the Clerk of the Commission on or before July 14, 1995. Subsequently, the hearing in this case was continued to, and held on, September 25, 1995. The Defendants failed to file a responsive pleading and did not appear at the hearing. On October 24, 1995, the State Corporation Commission ("Commission"), based upon the pleadings and evidence presented at the September 25, 1995 hearing, found the Defendants to be in default and entered an Order and Judgment ("Order") in this case. That Order, among other things, required: (1) the Defendant First Equity International, Inc., to pay a penalty in the amount of One Million Twenty Thousand Dollars ($1,020,000); (2) the Defendant Kestral Trust to pay a penalty in the amount of One Hundred Ninety Thousand Dollars ($190,000); (3) the Defendant Joseph R. Kingsley to pay a penalty in the amount of Six Hundred Sixty Thousand Dollars ($660,000); and (4) the Defendants, jointly and severally, to pay investigative costs in the amount of Seven Thousand Three Hundred Fifty-seven Dollars ($7,357).

The Division of Securities and Retail Franchising staff has reported to the Commission that the penalties assessed in the Order are now uncollectible debts and therefore, for the purposes of judicial efficiency, request that this case be dismissed.

Accordingly, IT IS ORDERED THAT:

(1) This case is dismissed.

(2) 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.

(3) The papers herein shall be filed among the ended cases.

CASE NOS. SEC-2006-00019 AND SEC-2006-00020
DECEMBER 8, 2010

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
DENNIS MICHAEL BUTTS,
DMB SPORTS PROPERTY, *et al.*
DMB SPORTS ENTERTAINMENT GROUP, INC.,
DMB SPORTS PROPERTY DEVELOPMENT & MANAGEMENT GROUP, INC.,
DMB SPORTS MEDICAL SERVICES GROUP, INC.,
DMB SPORTS MARKETING GROUP, INC.,
DMB SPORTS INTERNATIONAL HOLDINGS, INC.,
and
DIGITAL MEDIA BROADCASTING CORPORATION,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that Dennis Michael Butts ("Butts") and DMB Sports Property, *et al.*. ("DMB Sports") (collectively, "Defendants"): (i) violated § 13.1-502 (2) of the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code of Virginia, 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; (ii) Butts violated § 13.1-504 A of the Act by transacting business in the Commonwealth of Virginia without duly being registered with the Division as an agent of the issuer; (iii) DMB Sports violated § 13.1-504 B of the Act by employing an unregistered agent in the offer and sale of securities; and (iv) the Defendants violated § 13.1-507 of the Act by offering or selling securities that were not registered under the Act or exempt from registration.

The State Corporation Commission ("Commission") is authorized by § 13.1-506 of the Act to revoke the Defendants' registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose

certain monetary penalties, by § 13.1-521 C of the Act to order the Defendants to make rescission and restitution, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

The Defendants admit to the allegation that they violated § 13.1-507 of the Act, neither admit nor deny the remaining allegations, but admit to the Commission's jurisdiction and authority to enter this Settlement Order.

As a proposal to settle all matters arising from these allegations, the Defendants have made an offer of settlement to the Commission wherein the Defendants will abide by and comply with the following terms and undertakings:

(1) The Defendants will be permanently enjoined from offering or selling securities from or in the Commonwealth of Virginia, including using any exemptions from registration.

(2) The Defendants will be permanently enjoined from registering as a broker-dealer, agent, agent of the issuer, investment advisor, or investment advisor representative under the Virginia Securities Act.

(3) The Defendants will provide a copy of this Settlement Order to every current and former investor within thirty (30) days from the date of entry of the Settlement Order and will submit to the Division an affidavit, executed by the Defendants, as proof thereof.

(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 be, and it is hereby, accepted;

(2) The Defendants fully comply with the aforesaid terms and undertakings of this settlement; and

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

Dismissal of this case does not relieve the Defendants from their reporting obligations to any regulatory authority.

CASE NO. SEC-2007-00021
MARCH 19, 2010

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
EDWARD D. JONES & CO., L.P.,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that Edward D. Jones & Co., L.P. ("Defendant"): (1) violated § 13.1-502(3) of the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code of Virginia, by engaging in a transaction, practice or course of business which operates as a fraud or deceit upon a purchaser; (2) violated Securities Rule 21 VAC 5-20-240 by failing to make and keep true, accurate and current, and preserve the books and records relating to its business, as described in SEC Rule 17a-4(b); (3) violated Securities Rule 21 VAC 5-20-260 B by failing to exercise diligent supervision over the securities activities of an agent; (4) violated Securities Rule 21 VAC 5-20-260 D by failing to establish, maintain and enforce written procedures, which set forth the procedures adopted by the broker-dealer; (5) violated Securities Rule 21 VAC 5-20-260 D(2) by failing to perform frequent examinations of all customer accounts to detect and prevent irregularities or abuses; and (6) violated Securities Rule 21 VAC 5-20-260 D(4) by failing to review and receive written approval by the designated supervisor of the delegation by any customer of discretionary authority with respect to the customer's account to the broker-dealer or to a stated agent or agents of the broker-dealer and the prompt written approval of each discretionary order entered on behalf of that account.

The State Corporation Commission ("Commission") is authorized by § 13.1-506 of the Act to revoke the Defendant's registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose certain monetary penalties, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

The Defendant neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Settlement Order.

As a proposal to settle all matters arising from these allegations, the Defendant has made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms and undertakings:

(1) The Defendant will pay fifty percent (50%) of the equity losses incurred by four (4) Virginia investors identified by the Division. The Virginia investors would not be required to demonstrate that the investments within their accounts were unsuitable, unauthorized, or that their claims are not

time-barred but would be required to execute an appropriate release. Investors with whom the Defendant has previously settled on these issues would be excluded from repayment under this Settlement.

(2) The Defendant will offer to Virginia investors identified to the Division and who had a margin loan between January 1, 1998 and June 30, 2001, a rebate of sixty-five percent (65%) of the margin interest that the Virginia investors paid. The Virginia investors would not be required to demonstrate the purpose of any margin loan or loans in their accounts, acknowledge that they did not understand the nature or purpose of any margin loan, or prove that their claims are not time-barred but would be required to execute an appropriate release. Investors with whom the Defendant has previously settled on these issues would be excluded from repayment under this settlement.

(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) 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.

Commissioner Dimitri did not participate in this matter.

CASE NO. SEC-2008-00045
JULY 1, 2010

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
MICHAEL MILES,
Defendant

AMENDED SETTLEMENT ORDER

On October 20, 2009, the Commission entered a Settlement Order in this case. On June 15, 2010, the Division of Securities and Retail Franchising ("Division") filed a Motion requesting that the State Corporation Commission ("Commission") allow an amendment of that Order.

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that Michael Miles ("Defendant"): (i) violated § 13.1-502(2) of the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code of Virginia, by omitting certain material facts necessary in order to make the statements made to potential investors, in the light of the circumstances under which they were made, not misleading; (ii) violated § 13.1-504 A of the Act by selling securities without being duly registered with the Division as the agent of an issuer; and (iii) violated § 13.1-507 of the Act by offering and selling securities that were not registered under the Act or exempt from registration.

The State Corporation Commission ("Commission") is authorized by § 13.1-506 of the Act to revoke the Defendant's registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose certain monetary penalties, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

The Defendant neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Amended Settlement Order ("Order").

As a proposal to settle all matters arising from these allegations, the Defendant has agreed to a settlement whereby the Defendant will abide by and comply with the following terms and undertakings:

(1) Within fifteen (15) days of the date of entry of this Order, the Defendant will notify each identified investor of the settlement, and provide a copy of this Amended Settlement Order to each investor. Within thirty (30) days of the date of entry of this Order, the Defendant will submit certified mail receipts to Bill Ward in the Division at Bill.Ward@scc.virginia.gov as proof that this requirement has been satisfied.

(2) Starting on July 15, 2010, the Defendant will divide funds he received as commissions from Firm Grip Business Management and Holding Company, LLC ("FGBM") in the total amount of Nine Thousand Dollars ($9,000) and make equal payments to each identified investor of FGBM. The Defendant will pay Seven Hundred Twenty Dollars ($720) no later than the 15th of each month, representing full payment to two (2) investors, directly to those investors at the investors' last known addresses. These payments will continue monthly until all investors identified by the Division are paid their proportionate share ($360) of the commissions being disgorged by the Defendant. The total amount repaid to investors is the same as in the original Settlement Order.

(3) By the last day of each month, the Defendant will email a status report to Bill Ward in the Division at Bill.Ward@scc.virginia.gov, detailing when, how much, and to whom payment was made that month. That email will also include a copy of the certified mailing receipts and a copy of the checks as proof of the required payments.

(4) The Defendant will be enjoined from 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 for a period of one (1) year from the date of 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.

The Commission, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Division, is of the opinion that the Defendant's offer should be accepted.

Accordingly, IT IS THEREFORE ORDERED THAT:

(1) The Division's Motion to Amend Settlement Order is granted;

(2) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(3) The Defendant fully comply with the aforesaid terms and undertakings of this settlement; and

(4) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendant's failure to comply with the terms and undertakings of the settlement.

MATTER NO. SEC-2008-00082
JANUARY 28, 2010

IN THE MATTER OF
ALAN T. LANE
UNDER THE SECURITIES ACT OF VIRGINIA

ORDER IMPOSING SPECIAL SUPERVISORY PROCEDURES

As a condition of registration as an agent, Alan T. Lane ("Applicant"), CRD # 2463160**,** and the employing broker-dealer, Waterford Investor Services Inc. ("WIS"), CRD # 46227, have offered and agreed to implement and be bound by the following special supervisory procedures:

(1) The Applicant will abide by and complete the terms of his repayment plan with the Internal Revenue Service and the Virginia Department of Taxation. The Applicant will also report to the Division of Securities and Retail Franchising ("Division") of the State Corporation Commission ("Commission") when repayment has been completed. Failure to comply with the terms at any point will result in the revocation of the Applicant's registration with the Division.

(2) That at least five (5), or all, if there are five (5) or less, of randomly selected transactions, including delivery or transfer of securities, funds or checks, effected for Virginia customers by the Applicant and five (5) non-Virginia customers, shall be reviewed on a weekly basis by WIS's Chief Compliance Officer or his designee, to determine if any irregularity or abuse occurred in connection with any such transactions;

(3) That at least five (5), or all, if there are five (5) or less, of the Applicant's active Virginia customers and five (5) of his non-Virginia customers, selected at random, shall be contacted on a monthly basis by WIS's Chief Compliance Officer or his designee, to determine if the customers have any complaints about the Applicant's actions in connection with their accounts or any transactions effected for their accounts; an "active customer" is one who has an account in which at least one (1) transaction has been effected since the beginning of the current monthly review period;

(4) That WIS will continuously monitor each account serviced by the Applicant for excessive trading activity;

(5) That WIS shall establish and maintain a written record that shall state the name and address of each active Virginia and non-Virginia customer contacted; the date each customer was contacted; the name and title of the person who contacted each customer; the means by which each customer was contacted; a summary of the results of each contact; and shall file a report of the result of the written record within ten (10) days of the end of each calendar quarter. This record in its entirety shall be submitted to the Division upon termination of the special supervisory period;

(6) If WIS discovers any irregularity or abuse in connection with any transaction effected for a Virginia or non-Virginia customer by the Applicant or receives any complaint from a Virginia or non-Virginia customer about the Applicant, WIS shall promptly notify the Commission in writing;

(7) In addition to the implementation of the above supervisory procedures, WIS and the Applicant still retain the duty and responsibility to comply with all applicable rules, regulations and procedures imposed by this Commission, any other regulatory agency or organization, or broker-dealer; and

(8) The supervisory procedures outlined in this Special Supervision Order ("Order") will remain in effect for a minimum of twenty-four (24) months or longer from the date of the Order and until the Applicant completes the tax repayments. If the Applicant's employment with WIS ends, WIS may petition the Commission for removal of this Order.

UPON CONSIDERATION of this matter, the Commission is of the opinion and finds that the parties' offer should be accepted and that the Applicant should be subject to special supervisory procedures.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the parties and the terms of the special supervisory procedures are accepted;

(2) The imposition of the supervisory procedures set forth above shall not relieve the Applicant or WIS of the duty and responsibility to comply with all applicable rules, regulations and procedures imposed by this Commission, any other regulatory agency or organization, or the broker-dealer;

(3) The supervisory procedures set forth above shall remain in force until the Commission otherwise orders; and

(4) The Applicant shall have the right to petition the Commission no sooner than twenty-four (24) months from the date hereof to terminate this Order.

CASE NOS. SEC-2009-00002 AND SEC-2009-00050
JUNE 21, 2010

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
TENGFEI, INC.,
WEI HE ZHANG,
Defendants

JUDGMENT ORDER

On June 8, 2009, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Tengfei, Inc., and Wei He Zhang ("Defendants"). The Rule alleged various violations of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq*. of the Code of Virginia, and ordered the Defendants to appear at a hearing on the Rule scheduled for September 15, 2009.

On July 6, 2009, the Division of Securities and Retail Franchising ("Division") filed a Motion for Continuance requesting additional time to negotiate a settlement with the Defendants. By Hearing Examiner's Ruling entered July 7, 2009, the Motion for Continuance was granted; the matter was continued generally; and the hearing scheduled for September was canceled.

On October 2, 2009, the Division filed a Motion for Hearing ("Motion"). In support of its Motion, the Division stated that attempts to resolve this matter had failed. By Hearing Examiner's Ruling entered on October 5, 2009, the Motion was granted; the Defendants were ordered to file an answer or other responsive pleading; and the hearing was scheduled for November 10, 2009.

The evidentiary hearing was convened as scheduled on November 10, 2009. The Division appeared by its counsel Debra M. Bollinger and presented the testimony of four witnesses. The Defendant Wei He Zhang, President of Defendant Tengfei, Inc. appeared *pro se* and testified on his own behalf. No appearance was made for Defendant Tengfei, Inc. Ms. Qian Liu appeared as an interpreter for Defendant Wei He Zhang.

On March 31, 2010, the Hearing Examiner issued his Report. In his Report, among other things, he found that the Defendants had offered and sold two franchises to be operated in the Commonwealth of Virginia in violation of §13.1-560 of the Act and that the Defendants failed to provide the two Virginia franchisees a copy of the disclosure document and franchise agreement required by the Commission in violation of § 13.1-563 of the Act. The Hearing Examiner recommended that Defendant Tengfei, Inc., should be fined Twenty Thousand Dollars ($20,000) for two violations of § 13.1-560 of the Act, and Twenty Thousand Dollars ($20,000) for two violations of § 13.1-563 of the Act, for a total of Forty Thousand Dollars ($40,000) in monetary penalties. However, the Hearing Examiner recommended the monetary penalties should be waived if the Defendants make restitution to the franchisees within a reasonable time as determined by the Commission. If restitution is not made, the Commission would impose the Forty Thousand Dollars ($40,000) in penalties and the penalties would accrue interest at the statutory rate until paid. The Report further recommended permanently enjoining Defendant Tengfei, Inc., and Defendant Wei He Zhang from any act which constitutes a violation of the Act. Additionally, the Report allowed the Division and the Defendants twenty-one (21) days in which to provide comments. The Defendants did not file comments.

The Division filed comments noting that Ms. Huang had actually paid Forty Thousand ($40,000) instead of a total of Fourteen Thousand Dollars ($14,000), of which Seven Thousand Dollars ($7,000) had been repaid by the Defendants. The reference to Fourteen Thousand Dollars ($14,000) was made as result of a reference in the transcript to that dollar amount. However, the Division filed comments on April 20, 2010, in which the Division stated that the reference to $14,000 in the trial transcript is inaccurate and that there was documentary evidence in the record indicating that the franchise purchase price was in fact Forty Thousand Dollars ($40,000). After reviewing the entire record, it is apparent that the dollar amount of the franchise purchase price by Ms. Huang was in fact Forty Thousand Dollars ($40,000).

NOW THE COMMISSION, upon consideration of the Rule, the corrected record, the Hearing Examiner's Report, the Division's Comments, and the applicable statutes, is of the opinion and finds that: (1) the Division established by clear and convincing evidence that the Defendants violated the statutes as set forth in the Rule; and (2) the Hearing Examiner's findings and recommendations, as corrected and detailed in his Report, are reasonable and should be adopted, with the exception that Wei He Zhang should also be fined for violations of §§ 13.1-560 and 13.1-563 of the Act.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the March 31, 2010, Hearing Examiner's Report, as modified herein, are hereby adopted;

(2) In accordance with the Commission's regulatory duties and powers pursuant to § 13.1-570 of the Act, judgment is entered against the Defendant Tengfei, Inc., in the amount of Forty Thousand Dollars ($40,000);

(3) In accordance with the Commission's regulatory duties and powers pursuant to § 13.1-570 of the Act, judgment is entered against the Defendant Wei He Zheng in the amount of Forty Thousand Dollars ($40,000);

(4) The Defendants are directed to make restitution to Ms. Sofia Huang in the amount of $33,000 on or before six (6) months from the date of the entry of this Judgment Order;

(5) The Defendants are directed to make an offer of restitution to the other Virginia franchisee and if accepted, payment is to be made on or before six (6) months from the date of the entry of this Judgment Order. If the Defendants have proof of a prior rescission offer, it may be accepted in satisfaction of this requirement;

(6) The Commission will waive the penalty set out in Ordering Paragraph (2) and (3) if the Defendants fully comply with the provisions of Ordering Paragraphs (4) and (5);

(7) Pursuant to §13.1-568 of the Act, the Defendants are hereby enjoined from any further violations of the Act; and

(8) The Commission retains jurisdiction over this matter for all purposes, and this matter is continued pending further order of the Commission.

CASE NOS. SEC-2009-00002 AND SEC-2009-00050
DECEMBER 17, 2010

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
TENGFEI, INC.,
WEI HE ZHANG,
Defendants

AMENDED JUDGMENT ORDER

On June 21, 2010, the State Corporation Commission ("Commission") entered a Judgment Order against the above-named Defendant is which each of the Defendants were found in violation of § 13.1-570 of the Virginia Retail Franchising Act ("Franchise Act"), § 13.1-557 *et seq.* of the Code of Virginia, by offering and granting franchises in the Commonwealth of Virginia prior to registering under the provisions of the Franchise Act. Each Defendant was fined in the amount of Forty Thousand Dollars ($40,000). The Defendants were directed to make restitution to Ms. Sofia Huang in the amount of Thirty-three Thousand Dollars ($33,000). If the Defendants fully complied with paragraphs (4) and (5) of the Judgment Order within six months, the Commission would waive the penalty set out in paragraphs (2) and (3) of the Judgment Order. Restitution is due to Ms. Huang on or before December 21, 2010.

In a letter dated December 8, 2010, the Defendants filed a letter addressed to the Commission in which the Defendants acknowledged that they owed Ms. Huang the sum of Thirty-three Thousand Dollars ($33,000) on or before December 21, 2010. The Defendants requested that they be allowed an additional forty-five days (45) in which to attempt to make payment to Ms. Huang.

The Division of Securities and Retail Franchising has no objection to granting the extension in order for Ms. Huang to receive restitution.

IT APPEARS that there is good cause shown for granting the Defendants' request for a forty-five day (45) extension to make restitution.

Accordingly, IT IS ORDERED THAT the Judgment Order entered on June 21, 2010 be modified to extend the due date for restitution to Ms. Huang to be on or before forty-five (45) days from the date of entry of this Order.

CASE NOS. SEC-2009-00036 AND SEC-2009-00037
SEPTEMBER 3, 2010

COMMONWEALTH OF VIRGINIA, *ex. rel*.
STATE CORPORATION COMMISSION
v.
TECHNOLOGY COMMUNICATION MANAGEMENT, LLC
and
RAWLE GERARD SUITE a/k/a GERARD SUITE a/k/a RAUL JERARD ANTHONY a/k/a R.J. ANTHONY,
Defendants

JUDGMENT ORDER

On September 8, 2009, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Technology Communication Management, LLC ("TCM") and Rawle Gerard Suite a/k/a Gerard Suite a/k/a Raul Jerard Anthony a/k/a R.J. Anthony ("Suite") (collectively, "Defendants"). The Rule alleged various violations of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia. Specifically, the Rule alleged that each of the Defendants: (i) violated § 13.1-507 of the Act in that they offered and sold securities that were not registered

under the Act or exempt from registration; (ii) violated § 13.1-504 A of the Act by selling securities without being registered with the Division of Securities and Retail Franchising ("Division") as an agent of the issuer or a broker-dealer; (iii) violated § 13.1-502 (2) of the Act by making material misrepresentations and omissions in the offer and sale of securities; and (iv) violated § 13.1-502 (3) of the Act by engaging in any transaction, practice or course of business which operates or would operate as a fraud or deceit upon the purchaser. Additionally, the Rule alleged Defendant TCM violated § 13.1-504 B of the Act by selling securities through Defendant Suite, who was not registered with the Division as an agent of an issuer or broker-dealer.

The Rule, among other things, assigned the matter to a Hearing Examiner and scheduled an evidentiary hearing for January 27, 2010. Additionally, the Rule ordered the Defendants to file a responsive pleading on or before October 16, 2009, in which the Defendants were required to expressly admit or deny the allegations in the Rule and present any affirmative defenses that they intended to assert. The Defendants were advised that they may be found in default if they failed to either timely file a responsive pleading or other appropriate pleading, or if they filed such pleading and failed to make an appearance at the hearing. If found in default, the Defendants were advised that they would be deemed to have waived all objections to the admissibility of evidence and may have entered against them a judgment by default imposing some or all of the sanctions permitted by law.

On December 30, 2009, the Division filed a Motion for Default. In support, the Division stated that the Defendants had not filed an answer or other responsive pleading to the Rule. Additionally, the Division stated that the Defendants were properly served with the Rule. The Division provided legal authority for the Commission to enter a default judgment, along with legal authority that due process notice requirements were satisfied. The Division requested that the Hearing Examiner: (i) grant the Motion for Default Judgment; (ii) recommend to the Commission that the Commission enter a Judgment Order finding Defendant TCM in default and imposing a $10,000 monetary penalty for each violation of the Act for a total of $640,000; (iii) recommend to the Commission that the Commission enter a Judgment Order finding Defendant Suite in default and imposing a $10,000 monetary penalty for each violation of the Act for a total of $460,000; and (iv) order the Defendants to pay restitution to the investors as follows: Ronald Woods - $45,950; James Beasley - $17,527; David Smith - $16,300; and Paul Russell - $38,464.

A hearing on the Rule was convened on January 27, 2010. The Defendants failed to appear after receiving notice of the hearing.

On July 28, 2010, the Chief Hearing Examiner issued her Report. In her Report, she found that: (i) the testimony and documentary evidence submitted by the Division proved by clear and convincing evidence the Defendants' violations of the Act; and (ii) the Motion for Default should be granted. Additionally, the Report allowed the Defendants twenty-one (21) days in which to provide comments. The Defendants did not file comments.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Chief 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) In accordance with the Commission's regulatory duties and powers pursuant to § 13.1-521 A of the Act, judgment is entered for the Commonwealth against Defendant TCM in the amount of Six Hundred Forty Thousand Dollars ($640,000.00);

(2) In accordance with the Commission's regulatory duties and powers pursuant to § 13.1-521 A of the Act, judgment is entered for the Commonwealth against Defendant Suite in the amount of Four Hundred Sixty Thousand Dollars ($460,000.00); and

(3) In accordance with the Commission's regulatory duties and powers pursuant to § 13.1-521 C of the Act, the Defendants shall pay restitution to the investors as follows: Ronald Woods - $45,950; James Beasley - $17,527; David Smith - $16,300; and Paul Russell - $38,464.

CASE NO. SEC-2009-00051
FEBRUARY 9, 2010

COMMONWEALTH OF VIRGINIA, *ex rel.*
QUISQUEYA DOMINICAN BEAUTY SALON, LLC,
and
DOMINICAN STYLES,
Petitioners,
v.
JOHAN AND JESSIE, LLC,
Respondent.

FINAL ORDER

On May 27, 2009, Quisqueya Dominican Beauty Salon, LLC and Dominican Styles ("Petitioners"), by counsel, filed a Petition seeking resolution of a trademark dispute with Johan and Jessie, LLC ("Respondent"). In their Petition, the Petitioners request an order from the State Corporation Commission ("Commission"), in accordance with § 59.1-92.10 (3) b, c, d, e, and f of the Code of Virginia, revoking the Commission's issuance of the trademark "Dominican Beauty Salon" to the Respondent. In support of their request, the Petitioners allege that (1) the Respondent was not the first user of the term "Dominican Beauty Salon," (2) the name "Dominican Beauty Salon" has become a generic term referring to a type of hair treatment, (3) the Petitioners have been using the name "Dominican Beauty Salon" or similar variations upon it for a substantial period of time, and (4) there is a substantial likelihood of confusion given the Petitioners' prior, and non-abandoned, use of the term "Dominican Beauty Salon" in their business.

On May 29, 2009, the Respondent filed a Demurrer and Motion for Abstention ("Demurrer and Motion"). In the Demurrer and Motion, Respondent contended that there is an ongoing trademark infringement case pending in the Virginia Beach Circuit Court ("Circuit Court") and asserted that the Commission should abstain from ruling in this case until the Circuit Court case has been resolved.

On June 19, 2009, the Commission entered a Scheduling Order setting a hearing on October 20, 2009, at which time and place the Petitioners and Respondent were directed to appear and present argument and, if appropriate, evidence as to why the Commission should grant or deny the Demurrer and

Motion. The Scheduling Order also established a procedural schedule; required the Petitioners to file a response to the Demurrer and Motion; and assigned the case to a Hearing Examiner to conduct all further proceedings and to file a report.

On July 7, 2009, the Petitioners filed their response to the Demurrer and Motion. In their response, the Petitioners assert that because the litigation pending in the Circuit Court is based upon the assumption that the relevant trademark is valid and enforceable, the Commission should make a determination regarding the validity of the trademark in this proceeding.

The matter was heard by Deborah V. Ellenberg, Chief Hearing Examiner, on October 20, 2009. Christopher L. Spinelli, Esquire, appeared on behalf of the Petitioners; Jonah S. Dickey, Esquire, appeared on behalf of the Respondent; and Mary Beth Williams, Esquire, appeared on behalf of the Commission's Division of Securities and Retail Franchising. Three witnesses testified at the hearing.

On December 15, 2009, the Chief Hearing Examiner issued her Report wherein she summarized the evidence presented in this proceeding and made the following findings and recommendations:

> 1. It is appropriate for the Commission to defer to the Circuit Court for it to determine the strength of the mark, and whether the Petitioners have infringed upon the [trade]mark held by the Respondent; and
>
> 2. There was not sufficient evidence presented at the hearing for the Commission to determine that registration [of] the trademark should be cancelled. . . . .[1]

The Chief Hearing Examiner also allowed the parties twenty-one (21) days in which to file comments on her Report. Neither the Petitioners nor the Respondent filed comments.

NOW THE COMMISSION, having considered the Petition, the Demurrer and Motion, the record, the Chief Hearing Examiner's Report and the applicable statutes, is of the opinion and finds that the Chief Hearing Examiner's findings and recommendations as detailed in her Report are reasonable and should be adopted.

As recognized by the Chief Hearing Examiner, the Petitioners rely upon subsections b, c, d, e, and f of Va. Code § 59.1-92.10 (3) as support for their assertion that the Respondent's trademark should be revoked.[2] These subsections require the Commission to cancel the registration of any trademark if it finds that:

> b. The registrant is not the owner of the mark;
>
> c. The registration was granted as the result of a clerical error;
>
> d. The registration was obtained fraudulently;
>
> e. The mark is or has become the generic name for the goods or services, or a portion thereof, for which it has been registered; or
>
> f. There is a substantial likelihood of confusion with a mark or trade name previously used in this Commonwealth by another and not abandoned.

We agree with the Chief Hearing Examiner's conclusion that the Petitioners failed to establish grounds for revocation of the Respondent's trademark pursuant to subsection b, c, d, or f of Va. Code § 59.1-92.10 (3).

Furthermore, with respect to the Petitioners' contention that the trademark "Dominican Beauty Salon" should be revoked in accordance with subsection e of Va. Code § 59.1-92.10 (3) because it "is or has become generic," the Commission recognizes that trademarks including descriptions of nationality or geographic names may be considered "generic" under certain circumstances.[3] However, the issue of "genericness" is a question of fact.[4] Thus, while we make no specific finding in this Final Order regarding whether the name "Dominican Hair Salon" is generic at this time, we agree with the Chief Hearing Examiner's conclusion that the Petitioner failed to produce sufficient factual evidence to support the revocation of the Respondent's trademark in accordance with Va. Code § 59.1-92.10 (3) e.[5]

Moreover, as noted by the Chief Hearing Examiner in her Report, another proceeding pertaining to the strength of the Respondent's trademark was already pending in the Circuit Court when the Petitioners filed their Petition with the Commission. As provided in Va. Code § 59.1-92.13, "any court of competent jurisdiction," including the Circuit Court, may adjudicate the strength of a trademark. We agree with the Chief Hearing Examiner that the Circuit

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[1] Report at 7.

[2] *See* Petition at 2, ¶ 5 (citing Va. Code § 59.1-92.10 (3) b, c, d, e, and f as the basis for revoking the Respondent's trademark registration).

[3] *See Otokoyama Co. Ltd. v. Wine of Japan Import, Inc.,* 175 F.3d 266, 271 (2d Cir. 1999) (recognizing that a term "may be … generic by virtue of its association with a particular region, cultural movement, or legend."); *Filipino Yellow Pages, Inc. v. Asian Journal Publications, Inc.,* 198 F.3d 1143, 1147-51 (9th Cir. 1999) (recognizing that the word "Filipino" is a "generic" term and recognizing that non-generic, weak descriptive marks are not entitled to trademark protection absent strong secondary meaning); *The Mohegan Tribe of Indians of Connecticut v. the Mohegan Tribe and Nation, Inc.,* 769 A.2d 34, 43 (Conn. 2001) ("a word may be generic when . . . it denotes a person or people of a particular heritage or nationality.").

[4] *See Committee for Idaho's High Desert, Inc. v. Yost*, 92 F.3d 814, 821 (9th Cir. 1996); *In re: Northland Aluminum Products, Inc.,* 777 F.2d 1556, 1557 (Fed. Cir. 1985).

[5] *See* Report at 2-3.

Court "should have a far more comprehensive record upon which to judge the strength of the [trade]mark" as compared to the "very minimal testimony" provided at the hearing before the Chief Hearing Examiner.[6] Under the circumstances, we conclude that it is appropriate for the Commission to defer to the Circuit Court for a determination relative to the strength of the Respondent's trademark and whether the Petitioners have infringed upon the trademark held by the Respondent.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the December 15, 2009 Chief Hearing Examiner's Report are hereby adopted.

(2) This case is dismissed.

[6] Report at 2.

CASE NO. SEC-2009-00055
JANUARY 19, 2010

COMMONWEALTH OF VIRGINIA, *ex. rel.*
STATE CORPORATION COMMISSION
v.
TERRY BLACK d/b/a PHOENIX TECHNOLOGIES LLC,
Defendant

JUDGMENT ORDER

On August 19, 2009, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Terry Black d/b/a Phoenix Technologies LLC ("Defendant"). The Rule alleged various violations of the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code of Virginia.

The Rule, among other things, assigned the matter to a Hearing Examiner and scheduled an evidentiary hearing for December 1, 2009. Additionally, the Rule ordered the Defendant to file a responsive pleading on or before October 1, 2009, in which the Defendant was required to expressly admit or deny the allegations in the Rule and present any affirmative defenses that he intended to assert. The Defendant was advised that he may be found in default if he failed to either timely file a responsive pleading or other appropriate pleading, or if he filed such pleading and failed to make an appearance at the hearing. If found in default, the Defendant was advised that he would be deemed to have waived all objections to the admissibility of evidence and may have entered against him a judgment by default imposing some or all of the sanctions permitted by law.

On November 13, 2009, the Division of Securities and Retail Franchising ("Division") filed a Motion for Default. In support, the Division stated that the Defendant had not filed an answer or other responsive pleading. The Division provided legal authority for the Commission to enter a default judgment and provided a sworn affidavit and supporting exhibits from Danny L. Taylor, Senior Investigator with the Division, as well as evidence to establish proper service of the Rule. Additionally, the Division requested that the Commission enter a default judgment against the Defendant on the counts alleged in the Rule, penalize the Defendant for his violations of the Act, order the Defendant to make restitution to the Virginia investor, and be enjoined from further violations of the Act.

By Hearing Examiner's Ruling entered on November 16, 2009, the Defendant was ordered to file a response to the Division's Motion for Default Judgment on or before November 30, 2009. The Defendant failed to file a response.

A hearing on the Rule was convened on December 1, 2009. The Division was represented by its counsel, Debra M. Bollinger, Esquire. The Defendant failed to appear after receiving notice of the hearing. The proofs of service of the Rule were offered into the record as exhibits. The Division presented the testimony of Danny L. Taylor along with documentary proof to provide the facts necessary to prove the allegations set forth in the Rule.

On December 9, 2009, the Hearing Examiner issued his Report. In his Report, among other things, he found that: (1) the Motion for Default Judgment should be granted; (2) the Defendant is in default for failing to file an answer or other responsive pleading to the Rule to Show Cause; (3) the Defendant should be fined Ten Thousand Dollars ($10,000) for each violation of the Act, for a total of Thirty Thousand Dollars ($30,000); (4) the Defendant should make restitution to the Virginia investor within sixty (60) days of the entry of the Commission's Final Order. If the Defendant fails to make restitution to the Virginia investor, the Commission will impose the penalties in (3); and (5) the Defendant should be permanently enjoined from further violations of the Act. Additionally, the Report allowed the Defendant ten (10) days in which to provide comments. The Defendant did not file 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: (1) the Division established by clear and convincing evidence that the Defendant violated the statutes as set forth in the Rule; and (2) the Hearing Examiner's findings and recommendations as detailed in his Report are reasonable and should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the December 9, 2009, Hearing Examiner's Report are hereby adopted;

(2) In accordance with the Commission's regulatory duties and powers pursuant to § 13.1-521 of the Act, judgment is entered for the Commonwealth against the Defendant in the amount of Thirty Thousand Dollars ($30,000.) The Commission will waive the penalties if the Defendant makes restitution to the Virginia investor on or before March 31, 2010; and

(3) Pursuant to § 13.1-519 of the Act, the Defendant is hereby enjoined from any further violations of the Act.

CASE NO. SEC-2009-00055
APRIL 26, 2010

COMMONWEALTH OF VIRGINIA, *ex. rel.*
STATE CORPORATION COMMISSION
v.
TERRY BLACK d/b/a PHOENIX TECHNOLOGIES LLC,
Defendant

FINAL ORDER

On August 19, 2009, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Terry Black d/b/a Phoenix Technologies LLC ("Defendant"). The Rule alleged various violations of the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code of Virginia, and ordered the Defendant to file a responsive pleading on or before October 1, 2009.

On November 13, 2009, the Division of Securities and Retail Franchising ("Division") filed a Motion for Default. In support, the Division stated that the Defendant had not filed an answer or other responsive pleading to the Rule.

By Hearing Examiner's Ruling entered on November 16, 2009, the Defendant was ordered to file a response to the Division's Motion for Default Judgment on or before November 30, 2009. The Defendant failed to file a response.

A hearing on the Rule was convened on December 1, 2009. The Defendant failed to appear after receiving notice of the hearing.

On December 9, 2009, the Hearing Examiner issued his Report. In his Report, among other things, he found that the Defendant should be fined Ten Thousand Dollars ($10,000) for each violation of the Act, for a total of Thirty Thousand Dollars ($30,000) in monetary penalties. However, in lieu of the monetary penalties, the Defendant should make restitution to the Virginia investor within sixty (60) days of the entry of the Commission's Final Order. If the Defendant failed to make restitution to the Virginia investor, the Commission would impose the Thirty Thousand Dollars ($30,000) in penalties. Additionally, the Report allowed the Defendant ten (10) days in which to provide comments. The Defendant did not file comments.

On January 19, 2010, the Commission entered a Judgment Order in this case. In its Judgment Order the Commission, among other things, entered judgment in favor of the Commonwealth against the Defendant in the amount of Thirty Thousand Dollars ($30,000). The Commission would waive the penalties if the Defendant made restitution to the Virginia investor on or before March 31, 2010. The Defendant did not make restitution to the Virginia investor within the prescribed time.

NOW THE COMMISSION is of the opinion and finds that the Defendant is penalized in the amount of Thirty Thousand Dollars ($30,000).

Accordingly, IT IS ORDERED THAT:

(1) In accordance with the Commission's regulatory duties and powers pursuant to § 13.1-521 of the Act, judgment is entered for the Commonwealth against the Defendant in the amount of Thirty Thousand Dollars ($30,000);

(2) All other provisions of the Judgment Order entered by the Commission on January 19, 2010, remain in full force and effect; and

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

CASE NOS. SEC-2009-00068 AND SEC-2009-00069
AUGUST 20, 2010

COMMONWEALTH OF VIRGINIA, *ex. rel.*
STATE CORPORATION COMMISSION
v.
SPA' LADI-DA FRANCHISE, INC.
and
DETRA S. JONES,
Defendants

FINAL ORDER

On August 20, 2009, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Spa' Ladi-Da Franchise, Inc. ("SLD") and its founder and chief executive officer, Detra S. Jones ("Jones") (collectively, "Defendants"). The Rule alleged various violations of the Virginia Retail Franchising Act ("Act"), §§ 13.1-557 *et seq*., of the Code of Virginia ("Code"). Specifically, the Division alleged that the Defendants: (1) violated § 13.1-560 of the Act, by offering and granting a franchise in the Commonwealth of Virginia without being properly registered; and (2) violated § 13.1-563 of the Act by failing to provide a Virginia franchisee with an appropriate disclosure document and by making untrue statements of material fact and omissions in the offering and granting of a franchise.

The Rule, among other things, assigned the matter to a Hearing Examiner and scheduled an evidentiary hearing for October 6, 2009. Additionally, the Rule ordered the Defendants to file a responsive pleading on or before September 22, 2009, in which the Defendants were required to expressly admit or deny the allegations in the Rule and present any affirmative defenses that they intended to assert. The Defendants were advised that they may be found in default if they failed to either timely file a responsive pleading or other appropriate pleading, or if they filed such pleading and failed to

make an appearance at the hearing. If found in default, the Defendants were advised that they would be deemed to have waived all objections to the admissibility of evidence and may have entered against them a judgment by default imposing some or all of the sanctions permitted by law.

On October 5, 2009, the Division of Securities and Retail Franchising ("Division"), by counsel, moved for a continuance after Defendants' counsel advised the Division's counsel that the Defendants accepted the Division's offer to enter into a settlement. The Hearing Examiner issued a Ruling on the same date cancelling the hearing set for October 6, 2009, and continuing the matter generally until further ruling.

On May 14, 2010, the Division, by counsel, filed a Motion to Set Case for Hearing wherein the Division represented that settlement discussions with the Defendants had been unsuccessful and requested that the allegations of the Rule be heard on the merits at hearing on July 8, 2010.

By Hearing Examiner's Ruling dated May 24, 2010, the Division's Motion to Set Case for Hearing was granted and a hearing on the Rule was scheduled for July 8, 2010, at 10:00 a.m.

An evidentiary hearing on the Rule was convened on July 8, 2010. The Defendants failed to appear after receiving notice of the hearing. The Division presented proof of notice that the Defendants were served with the Rule and the Hearing Examiner's Ruling dated May 24, 2010.

At the hearing on July 8, 2010, the Division, by counsel, moved for the entry of default judgment against the Defendants. The Affidavit of Stephen A. Arrighi, Senior Auditor with the Division, together with attachments, was accepted into the record in support of the Division's motion. Additionally, Mr. Arrighi provided testimony at the hearing.

The Division provided legal authority for the Commission to enter a default judgment, along with legal authority that due process notice requirements were satisfied. The Division requested that the Hearing Examiner: (i) grant its motion for entry of default judgment; (ii) recommend to the Commission that the Commission enter a judgment order finding Defendant SLD in default and imposing a $20,000 monetary penalty for each violation of the Act for a total of $60,000; (iii) recommend to the Commission that the Commission enter a judgment order finding Defendant Jones in default and imposing a $20,000 monetary penalty for each violation of the Act for a total of $60,000; (iv) recommend to the Commission that the Commission enter a judgment order finding Defendants in default and imposing $12,928 against them for the costs of the Division's investigation; and (v) recommend to the Commission that the Commission waive the foregoing penalties if the Defendants make an offer of rescission to Annette Lee and if the Defendants make restitution in the amount of $30,000 to Ms. Lee within thirty (30) days or within such other time determined to be reasonable by the Commission.

On July 16, 2010, the Hearing Examiner issued her Report. In her Report, she found that (i) the testimony and documentary evidence submitted by the Division proved by clear and convincing evidence the Defendants' violations of the Act; and (ii) the Division's motion for entry of default judgment should be granted. The Report allowed the Defendants 21 days in which to provide comments. The Defendants did not file 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) In accordance with the Commission's regulatory duties and powers pursuant to § 13.1-570 of the Act, judgment is entered for the Commonwealth against Defendant SLD in the amount of Sixty Thousand Dollars ($60,000);

(2) In accordance with the Commission's regulatory duties and powers pursuant to § 13.1-570 of the Act, judgment is entered for the Commonwealth against Defendant Jones in the amount of Sixty Thousand Dollars ($60,000);

(3) In accordance with the Commission's regulatory duties and powers pursuant to § 13.1-567 of the Act, the Defendants shall pay Twelve Thousand Nine Hundred Twenty-eight Dollars ($12,928) to the Division for its costs of investigation;

(4) In accordance with the Commission's regulatory duties and powers pursuant to § 13.1-570 of the Act, the Commission shall waive the foregoing penalties and investigation costs if the Defendants make an offer of rescission to Annette Lee and, if accepted, the Defendants make restitution in the amount of $30,000 to Ms. Lee within sixty (60) days of the entry of this Order; and

(5) This matter is dismissed, and the papers herein are passed to the file for ended causes.

CASE NO. SEC-2009-00070
AUGUST 19, 2010

COMMONWEALTH OF VIRGINIA, *ex rel.*
FISH ON BAIT & TACKLE, INC.,
Petitioner,
v.
REGINALD B. CHEATHAM, SR.,
Respondent

FINAL ORDER

On July 13, 2009, Fish On Bait & Tackle, Inc. ("Petitioner") filed a Petition with the State Corporation Commission ("Commission"), pursuant to Rule 5 VAC 5-20-100 of the Commission's Rules of Practice and Procedure. The Petition sought, pursuant to § 59.1-92.10 A 3(b) and (f) of the Code of Virginia, to have the Commission cancel a service mark registered on June 23, 2009, to Reginald B. Cheatham Sr. ("Respondent") for the mark "Fish On! Tackle." Petitioner alleged that Respondent subsequently demanded the Petitioner cease and desist from use of the name "Fish On Bait & Tackle." Petitioner contended that: (1) at least one third party had senior rights in the service mark; (2) "Fish On! Tackle" was confusingly similar to federally

registered marks; and (3) Respondent, therefore, did not have the exclusive right to use the term.[1] Petitioner asserts that it will be damaged by the continued registration of the mark.

On August 19, 2009, the Respondent filed a Response to the Petition to Cancel Service Mark in which Respondent stated that he had used the mark since at least March 11, 2005, and was currently seeking federal registration of the mark. Respondent contended the Petitioner did not have standing to bring action before the Commission and countered that Petitioner would not be damaged by Respondent's use of the term, but only barred from using the mark "Fish On" and misappropriating Respondent's good will. Respondent asserted that Petitioner offered no evidence that any of the third party marks identified in the Petition and alleged to be senior were presently in use or ever had been in use in Virginia. Respondent concluded by urging the Commission to hold any decision to cancel the mark in abeyance until the then pending decision of the U.S. Patent and Trademark Office ("USPTO") on Respondent's application to federally register the mark "FISH ON! TACKLE." On September 21, 2009, Respondent filed a Supplemental Response in which he contended that Petitioner admitted it did not have senior rights in the mark, and had stated that it did not claim there was a likelihood of confusion. Respondent requested the Commission find Petitioner had no standing to bring the Petition.

On August 31, 2009, the Commission entered a Scheduling Order in which it scheduled a hearing on October 30, 2009, and assigned the case to a hearing examiner to conduct all further proceedings.

On December 14, 2009, the matter was heard by Deborah Ellenberg, Chief Hearing Examiner. Ian D. Titley, Esquire, appeared on behalf of Petitioner. No appearance was entered on behalf of the Respondent; however, minutes before the hearing was scheduled to begin, Linda Quigley, with the law firm of Bambi Faivre Walters, PC, called the Office of Hearing Examiners to advise that no one would be appearing on behalf of Respondent. A letter from the firm dated December 14, 2009, was subsequently filed with the Clerk of the Commission stating that Respondent had recently advised the firm that "while he was still interested in protecting and defending his mark, he would be unable to afford participating in the hearing." The firm further advised that it attempted to electronically file a brief in lieu of appearing at the hearing but was advised the morning of December 14, 2009, that the brief and its attachments should be re-submitted as one file. The brief and its attachments were not filed prior to the hearing being convened in this matter, nor was a witness present to sponsor the attachments.[2] The record was closed at the conclusion of the hearing and the exhibits proffered as attachments to the late-filed brief were not received into the record.

On April 23, 2010, the Chief Hearing Examiner issued her Report. In her Report, the Chief Hearing Examiner recommended that based on the evidence presented: (1) the Petitioner's request to cancel the service mark registration of "Fish On! Tackle," SCC file #9323, be granted and (2) to pass the papers to the file for ended causes.

NOW THE COMMISSION, upon consideration of the Petition, the Response to the Petition, the record, the Chief Hearing Examiner's Report, and the applicable statutes, is of the opinion and finds that the Petitioner's request to cancel the service mark registration of "Fish On! Tackle," SCC file #9323, be granted.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the April 23, 2010 Chief Hearing Examiner's Report are hereby adopted;

(2) Pursuant to § 59.1-92.10 A 3(b), (e), and (f) of the Code of Virginia, the service mark registration of "Fish On! Tackle," SCC file #9323, is hereby canceled; and

(3) The case be dismissed with prejudice.

[1] Petition at 3.

[2] Tr. at 17.

CASE NO. SEC-2009-00074
APRIL 16, 2010

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
DEUTSCHE BANK SECURITIES INC.,
Defendant

CONSENT ORDER

Deutsche Bank Securities Inc. ("DBSI") is a broker-dealer registered in the Commonwealth of Virginia; and

Coordinated investigations into DBSI's activities in connection with DBSI's marketing and sale of auction rate securities ("ARS") have been conducted by a multistate task force; and

DBSI has provided documentary evidence and other materials, and provided regulators with access to information relevant to their investigations; and

Deutsche Bank AG ("Deutsche Bank"), as the parent entity of DBSI, has entered into a Settlement Term Sheet dated August 31, 2008 ("Settlement"), with the North American Securities Administrators Association ("NASAA"), which recommends to NASAA members the settlement terms intended to resolve the investigation into the marketing and sale of ARS by DBSI; and

In an effort to resolve these issues in accordance with the terms of the Settlement and without the expense and delay that formal proceedings would involve, DBSI consents to the form and entry of this Consent Order ("Order") without admitting or denying the allegations set forth herein. Accordingly, DBSI waives the following rights:

(a) To be afforded an opportunity for hearing on the findings and conclusions of law of the Commonwealth of Virginia's State Corporation Commission (the "Commission") in this Order after reasonable notice within the meaning of § 13.1-521 A of the Virginia Securities Act ("Act"), § 13.1-501 et seq. of the Code of Virginia, and § 12.1-39 of the Code of Virginia; and

(b) To seek judicial review of, or otherwise challenge or contend, the validity of this Order; and

DBSI agrees that for purposes of this matter, or any future proceedings to enforce this Order by the Commission, this Order shall have the same effect as if proven and ordered after a full hearing held pursuant to § 13.1-521 A of the Act and § 12.1-39 of the Code of Virginia; and

The provisions set forth in this Order constitute the entire agreement between the Commission and DBSI and shall supersede any conflicting provisions contained in the Settlement;

NOW, THEREFORE, the Commission, as administrator of the Act, hereby enters this Order:

I. FINDINGS OF FACT

1. DBSI admits the jurisdiction of the Commission, neither admits nor denies the findings of fact and conclusions of law contained in this Order, and consents to the entry of this Order by the Commission.

Auction Rate Securities

2. ARS, as a general term, refers to long-term debt or equity instruments tied to short-term interest rates that are reset periodically through an auction process.

3. An ARS auction is regarded as a "fail" or "failed auction" if there is not a buyer available for every ARS being offered for sale at the auction. In the event of a failed auction, the investors that wished to sell their ARS were unable to do so and would continue to hold the ARS and wait until the next successful auction to liquidate their positions.

4. Beginning in February 2008, the ARS market experienced widespread failed auctions ("2008 Auction Failures").

5. Common categories of ARS instruments include: auction preferred shares of closed-end funds ("Preferreds"); municipal auction rate certificates ("Municipal ARS"); and student loan-backed auction rate certificates ("Student Loan ARS"). The interest rates paid to ARS holders are intended to be set through a Dutch auction process.

6. The interest rate set at an ARS auction is commonly referred to as the "clearing rate."

7. In order to determine the clearing rate, the buy bids are arranged from lowest to highest interest rate (subject to any applicable minimum interest rate). The clearing rate is the lowest interest rate at which all ARS available for sale at the auction can be sold at par value.

DBSI's Marketing and Sale of Auction Rate Securities

8. DBSI (CRD #2525) is a Delaware corporation with a primary place of business located at 60 Wall Street, New York, New York.

9. Deutsche Bank Alex. Brown ("DBAB"), a division of DBSI, provides wealth planning and brokerage services to private, institutional, and corporate clients.

10. The Corporate and Investment Bank ("CIB"), another division of DBSI, provides capital market financial services to institutions and corporate clients.

11. DBSI engaged in the marketing and sale of ARS in the Commonwealth of Virginia.

12. Certain DBSI agents solicited sales of ARS to clients; however, certain DBSI agents did not fully comprehend the product, auction process, or the risks.

13. DBSI did not provide its agents with adequate training concerning the complex characteristics of ARS and risks inherent with this type of investment.

14. DBSI did not create and maintain adequate written supervisory procedures to ensure its agents provided their clients with adequate disclosure of the complex characteristics of ARS and risks inherent with this type of investment.

15. Certain DBAB agents misrepresented the characteristics of ARS to clients. Certain DBAB agents told clients that ARS were "safe and liquid," "cash equivalents," and "just like money markets."

16. Third-party marketing materials about ARS, which were available to DBAB agents, described certain ARS issues as a "AAA-rated source of short-term income" and a "Cash alternative."

17. Certain DBAB clients maintained investment policies and objectives designed to place their money in safe and liquid investments.

18. Certain DBAB agents sold ARS to these DBAB clients, despite their investment policies and objectives, which sought safe and liquid investments.

19. From approximately September 2003 until February 2008, DBAB categorized ARS under the heading "Other – Money Market Instruments" on clients' monthly account statements.

20. ARS, unlike money market instruments, are not short-term investments. In fact, ARS bonds may have maturities as long as 30 years and Preferreds have unlimited maturity.

21. Beginning in 2003, CIB began to underwrite certain Student Loan ARS issues ("CIB SL ARS"). Because CIB had not developed a sales network for those CIB SL ARS, there were instances in which several CIB SL ARS issues were not successfully sold to institutions during the initial offering. As a consequence, CIB purchased and maintained on its books 100% of the outstanding ARS for several CIB SL ARS issues, which ultimately allowed the initial offerings for these issues to succeed. Despite this, CIB continued to market those CIB SL ARS to investors. Some of those CIB SL ARS remained on CIB's books as of the 2008 Auction Failures.

22. Because certain DBSI agents misrepresented the characteristics of ARS to clients and purchased ARS for clients based upon those misrepresentations, DBSI engaged in dishonest and unethical conduct in the securities business with respect to the marketing and sale of ARS.

23. By failing to: (i) provide adequate training to agents concerning ARS; (ii) create and maintain adequate written supervisory procedures concerning ARS; and (iii) ensure accurate disclosure of ARS characteristics to clients by its agents, DBSI failed to reasonably supervise its agents with respect to the marketing and sale of ARS.

Conflict of Interest

24. DBAB failed to adequately disclose to clients who purchased ARS that the firm's roles as underwriter and broker-dealer in certain ARS issues were a conflict of interest, and this conflict may affect the auction clearing rate. As the underwriter and lead manager on four Preferred issues since 1992[1] ("DBAB Managed Preferred"), it was in the interest of the firm to keep the clearing rates low for issuers of the DBAB Managed Preferred. As broker-dealer, the firm had a duty to provide the highest available ARS clearing rates to its clients.

25. DBAB issued a "price talk" document prior to each ARS auction in which it acted as a broker-dealer. This document detailed the interest rate at which DBAB believed the ARS would clear at auction. DBAB determined this rate by utilizing different factors, including the competing interests of both investors and issuers.

26. By failing to fully inform clients about the effect of DBAB's conflicting roles, as underwriter and broker-dealer of ARS issues, on auction clearing rates, DBSI engaged in dishonest and unethical conduct in the securities business with respect to the marketing and sale of ARS.

27. By failing to ensure adequate disclosure of conflicts of interest concerning ARS to clients by its agents, DBSI failed to reasonably supervise its agents with respect to the marketing and sale of ARS.

Supporting Bids

28. In every auction for the DBAB Managed Preferred, the firm submitted "supporting bids" for its own account that were sufficient to cover the entire allotment of each DBAB Managed Preferred issue. These supporting bids were customary among lead managers to prevent failed auctions and to maintain liquidity for investors. In certain instances, the supporting bids prevented failed auctions, and in others, the supporting bids were unnecessary. However, regardless of the auction outcome, these supporting bids were consistently placed by DBAB, ensuring that successful auctions occurred and liquidity was maintained.

29. DBAB failed to disclose to clients that, in each auction of auction rate preferred issues for which DBAB acted as lead manager, the firm placed supporting bids for the entire allotment of auction rate preferred to ensure a successful auction.

30. DBAB agents were not aware that DBAB placed supporting bids in the auction rate preferred auctions for which DBAB was the lead manager; nor were they aware of the effect of DBAB's supporting bids on those auctions.

31. In or around August 2007, CIB declined to place supporting bids for certain ARS issued by three special purpose vehicles previously created by Deutsche Bank ("SPVs") (called Pivots, Capstans, and Cambers). CIB's decision to stop submitting supporting bids resulted in failed auctions for these ARS issues.

32. On or around February 13, 2008, the head traders of DBAB's fixed-income trading desk and CIB's asset-backed trading desk, each of which handled the firm's trading in ARS, declined to submit supporting bids for ARS issues in which DBSI was the lead manager. This decision resulted in failed auctions for the ARS issues in which DBSI was a lead underwriter, and a lack of liquidity for clients invested in these issues. Neither DBAB nor CIB has placed a supporting bid since that decision.

33. By engaging in the practice of placing supporting bids to prevent failed ARS auctions and failing to disclose the practice to clients, DBAB engaged in dishonest and unethical conduct in the securities business with respect to the marketing and sale of ARS.

34. By failing to ensure adequate disclosure to clients of DBAB's practice of placing supporting bids to artificially prevent failed ARS auctions, DBSI failed to reasonably supervise its agents with respect to the marketing and sale of ARS.

[1] These Preferred issues were Nuveen Maryland Premium Income Municipal Fund 2 (CUSIP No. W67061Q305), and Van Kampen Invest Grade (CUSIP Nos. E920929601, F920929700, and G920929809).

II. CONCLUSIONS OF LAW

Solely for the purpose of this Order, and without admitting or denying the allegations set forth herein, DBSI consents to the Commission making the following conclusions of law:

1. In connection with: (i) the misrepresentation of ARS to clients; (ii) the failure to adequately disclose to clients the effect of the firm's role as underwriter and broker-dealer for ARS issues; and (iii) the use of supporting bids to artificially prevent failed ARS auctions and failing to adequately disclose the practice to clients, DBSI engaged in dishonest and unethical conduct in the securities business, in violation of Commission Rules 21 VAC 5-20-280 A 3 and 21 VAC 5-20-280 E 12.

2. In connection with the failure to (i) provide adequate training to agents concerning ARS, (ii) create and maintain adequate written supervisory procedures concerning ARS, (iii) ensure accurate disclosure of ARS characteristics to clients by its agents, and (iv) ensure adequate disclosure of conflicts of interest concerning ARS to clients by its agents, DBSI failed to reasonably supervise, and establish and enforce procedures necessary to detect and prevent such conduct, in violation of its duties under Commission Rules 21 VAC 5-20-260 A and B.

3. The activities set forth herein are grounds, pursuant to the Act, for the initiation of Commission proceedings, and to impose such other appropriate remedial measures as may be necessary in the public interest.

III. ORDER

On the basis of the Findings of Fact, Conclusions of Law, and DBSI's consent to the entry of this Order,

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 13.1-521 A of the Act, DBSI is assessed and shall pay a civil monetary penalty in the amount of Two Hundred Fourteen Thousand Four Hundred Seventy-five Dollars and Four Cents ($214,475.04) (Virginia's pro rata share of the $15,000,000 total penalty that DBSI agreed to pay pursuant to the Settlement), due and payable within ten (10) days of the entry of this Order to the Treasurer of the Commonwealth of Virginia.

(2) DBSI shall take certain measures, enumerated below, with respect to all current and former clients of DBSI that purchased "Eligible ARS," defined below, from DBSI on or before February 13, 2008 ("Relevant Class"). For purposes of this Order, "Eligible ARS" shall be defined as ARS purchased from DBSI that were subject to auctions that were not continuously succeeding between February 13, 2008, and August 31, 2008.

(3) DBSI shall have offered to purchase at par Eligible ARS, that were purchased from DBSI prior to February 13, 2008, held by: (i) all individuals; (ii) legal entities forming an investment vehicle for family members including but not limited to IRA accounts, Trusts, Family Limited Partnerships and other legal entities performing a similar function; (iii) all charities and non-profits; and (iv) small to medium sized businesses with assets of $10 million dollars or less with Deutsche Bank as of July 31, 2008 (collectively, "Individual Investors").

(a) DBSI shall have completed all purchases from Individual Investors who accepted the offer (i) prior to November 19, 2008, by November 19, 2008, and (ii) prior to December 31, 2008, by December 31, 2008. For any Individual Investor who accepted the offer between December 31, 2008, and June 30, 2009, DBSI will have completed the purchase within seven (7) business days of DBSI's receipt of his or her acceptance. However, Individual Investors may have requested that DBSI purchase the Eligible ARS on the next scheduled auction date after DBSI's receipt of its acceptance, in which event DBSI will have completed the purchase within seven (7) business days of that auction.

(b) DBSI shall have provided notice to customers of the settlement terms and DBSI shall have established a dedicated telephone assistance line, with appropriate staff, to respond to questions from customers concerning the terms of this Order.

(4) No later than November 19, 2008, any DBSI Individual Investor that DBSI has reasonably identified who sold ARS below par between February 13, 2008, and August 31, 2008, will have been paid the difference between par and the price at which the investor sold the ARS.

(5) DBSI shall consent to participate, at the Eligible Customer's election, in the special arbitration procedures as briefly described below. Under these procedures, the Special Arbitration Process that applies to firms that have entered into settlements with state regulators ("State SAP"), under the auspices of Financial Industry Regulatory Authority ("FINRA"), will be available for the exclusive purpose of arbitrating any Individual Investor's consequential damages claim:

(a) No later than November 19, 2008, DBSI shall have notified those DBSI Individual Investors who own ARS, pursuant to the terms of the Settlement, that a public arbitrator (as defined by section 12100(u) of the NASD Code of Arbitration Procedures for Customer Disputes, eff. April 16, 2007), under the auspices of FINRA, would be available for the exclusive purpose of arbitrating any DBSI Individual Investor's consequential-damages claim.

(b) Arbitration shall be conducted by public arbitrators and DBSI will pay all applicable forum and filing fees.

(c) Any DBSI Individual Investors who choose to pursue such claims shall bear the burden of proving that they suffered consequential damages and that such damages were caused by investors' inability to access funds consisting of investors' ARS holdings at DBSI.

(d) DBSI shall be able to defend itself against such claims; provided, however, that DBSI shall not contest liability related to the sale of ARS in these arbitrations; and provided further that DBSI shall not be able to use as part of its defense a DBSI Individual Investor's decision not to borrow money from DBSI.

(e) Individual Investors who elect to use the State SAP provided for in this Order shall not be eligible for punitive damages, or any other type of damages other than consequential damages. The State SAP will govern the availability of attorneys' fees.

(f) All customers, including but not limited to Individual Investors who avail themselves of the relief provided pursuant to this Order, may pursue any remedies against DBSI available under the law. However, Individual Investors who elect to utilize the special arbitration process set forth above are limited to the remedies available in that process and may not bring or pursue a claim relating to Eligible ARS in another forum.

(6) DBSI shall endeavor to work with issuers and other interested parties, including regulatory and governmental entities, to expeditiously provide liquidity solutions for institutional investors not covered by paragraph 3 immediately above. Beginning November 19, 2008, and then quarterly after that, DBSI shall submit a written report to the representative specified by NASAA ("NASAA Representative") outlining the efforts in which DBSI has engaged and the results of those efforts with respect to DBSI institutional investors' holdings in ARS. DBSI shall confer with the NASAA Representative no less frequently than quarterly to discuss DBSI's progress to date. Such quarterly reports shall continue until no later than December 31, 2009. Following every quarterly report, the NASAA Representative shall advise DBSI of any concerns and, in response, DBSI shall discuss how DBSI plans to address such concerns.

(7) DBSI shall have refunded refinancing fees DBSI has received from municipal auction rate issuers that issued such securities through DBSI in the initial primary market between August 1, 2007, and February 13, 2008, and refinanced those securities after February 13, 2008.

(8) DBSI shall have made its best efforts to identify Individual Investors who took out loans from DBSI, between February 13, 2008, and June 30, 2009, that were secured by Eligible ARS that were not successfully auctioning at the time the loan was taken out from DBSI. DBSI shall have refunded to those Individual Investors any interest associated with the ARS-based portion of those loans in excess of the total interest and dividends received on the ARS during the duration of the loan. Such refunds shall have occurred no later than July 31, 2009.

GENERAL PROVISIONS

(9) This Order concludes the investigation by the Commission and any other action that the Commission could commence under applicable Virginia law on behalf of the Commonwealth of Virginia as it relates to DBSI's marketing and sale of ARS to DBSI's "Individual Investors," as defined above.

(10) The Commission shall refrain from taking legal action, if necessary, against DBSI with respect to its institutional investors until November 19, 2009.

(11) The Commission will not seek additional monetary penalties from Deutsche Bank relating to DBSI's marketing and sale of ARS.

(12) If payment is not made by DBSI, or if DBSI defaults in any of its obligations set forth in this Order, the Commission may vacate this Order, at its sole discretion, upon ten (10) days notice to DBSI and without opportunity for hearing or may issue a Rule to Show Cause for enforcement under the Act.

(13) This Order is not intended to indicate that Deutsche Bank or any of its affiliates or current or former employees shall be subject to any disqualifications contained in the federal securities laws, the rules and regulations thereunder, the rules and regulations of self regulatory organizations or various states' securities laws including any disqualifications from relying upon the registration exemptions or safe harbor provisions. In addition, this Order is not intended to form the basis for any such disqualifications.

(14) For any person or entity not a party to this Order, this Order does not limit or create any private rights or remedies against Deutsche Bank, limit or create liability of Deutsche Bank, or limit or create defenses of Deutsche Bank to any claims.

(15) Nothing herein shall preclude the Commonwealth of Virginia, its departments, agencies, boards, commissions, authorities, political subdivisions and corporations (collectively, "State Entities"), other than the Commission and only to the extent set forth in paragraph (9) immediately above, and the officers, agents, or employees of State Entities from asserting any claims, causes of action, or applications for compensatory, nominal and/or punitive damages, administrative, civil, criminal, or injunctive relief against Deutsche Bank in connection with the marketing and sale of ARS at DBSI.

(16) This Order shall not disqualify Deutsche Bank or any of its affiliates or current or former employees from any business that they otherwise are qualified or licensed to perform under applicable state law and this Order is not intended to form the basis for any disqualification.

CASE NOS. SEC-2009-00088 AND SEC-2010-00007
SEPTEMBER 28, 2010

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
LOG CABIN BBQ, LLC
and
FRANK W. BURKS, Defendants

FINAL ORDER

On February 16, 2010, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Log Cabin BBQ, LLC ("Log Cabin") and Frank W. Burks ("Burks") (collectively, "Defendants"). The Rule alleged various violations of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq*. of the Code of Virginia. Specifically, it alleged that the Defendants offered and sold a franchise in the Commonwealth of Virginia without being registered in violation of § 13.1-560 of the Act, and failed to provide a Virginia franchisee with the appropriate disclosure documents in violation of § 13.1-563 (4) of the Act.

The Rule, among other things, assigned the matter to a Hearing Examiner and scheduled an evidentiary hearing for March 25, 2010. Additionally, the Rule ordered the Defendants to file a responsive pleading on or before March 10, 2010, in which the Defendants were required to expressly admit or deny the allegations in the Rule and present any affirmative defenses that they intended to assert. The Defendants were advised that they may be found in default if they failed to either timely file a responsive pleading or other appropriate pleading, or if they filed such pleading and failed to make an appearance at the hearing. If found in default, the Defendants were advised that they would be deemed to have waived all objections to the admissibility of evidence and may have entered against them a judgment by default imposing some or all of the sanctions permitted by law.

On March 16, 2010, the Division of Securities and Retail Franchising ("Division") filed a Motion to Continue based upon the belief that proper service had not been obtained on the Defendants. The Division requested the Hearing Examiner continue the scheduled hearing to permit proper service. By Hearing Examiner's Ruling dated March 18, 2010, the Motion to Continue was granted.

On May 12, 2010, the Division filed a Motion to Set Case for Hearing. The Division stated that on March 18, 2010, the return receipt from the certified mailing of the Rule was delivered but returned refused. The Division contended the Defendants were properly served and requested that the hearing in this matter be scheduled for June 4, 2010. Also on May 12, 2010, the Division filed a Motion for Relief in which it requested a change in the filing requirements. In a Hearing Examiner's Ruling dated May 13, 2010, among other things, the hearing was scheduled for June 23, 2010.

An evidentiary hearing on the Rule was convened on June 23, 2010. The Defendants failed to appear after receiving notice of the hearing. The Division presented proof of notice that the Defendants were served with the Rule and the Hearing Examiner's Ruling of May 13, 2010.

At the hearing, the Division, by counsel, moved for the entry of default judgment against the Defendants. The affidavit of Jonathan Hawkins, investigator with the Division, together with attachments, was accepted into the record in support of the Division's motion.

The Division requested that the Hearing Examiner: (i) grant its motion for entry of default judgment; (ii) recommend to the Commission that the Commission enter a judgment order against the Defendants imposing a Twenty-five Thousand Dollar ($25,000) monetary penalty, the maximum amount under the Act, for each violation of the Act committed by the Defendants; (iii) recommend to the Commission that Defendants pay for the costs of the Division's investigation; (iv) recommend rescission and restitution to the Virginia franchisee in the amount of Twenty Thousand Dollars ($20,000); and (v) the Defendants be permanently enjoined from violating the Act.

On August 6, 2010, the Hearing Examiner issued his Report. In his Report, he found that: (i) the Division's motion for entry of default judgment should be granted; (ii) the testimony and documentary evidence submitted by the Division proved by clear and convincing evidence the Defendants' violations of the Act; (iii) each Defendant should be fined Fifty Thousand Dollars ($50,000); (iv) Log Cabin be assessed Nine Thousand Two Hundred Sixteen Dollars and Twenty-five Cents ($9,216.25) to pay the actual costs of the Division's investigation; (v) Burks be assessed Seventy-five Dollars and Seventy-five Cents ($75.75) to pay the actual costs of the Division's investigation; and (vi) the Defendants be permanently enjoined from violating the Act.

The Report allowed the parties twenty-one (21) days in which to provide comments. Neither the Defendants nor the Division filed comments to the Report.

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) In accordance with the Commission's regulatory duties and powers pursuant to § 13.1-570 of the Act, judgment is entered for the Commonwealth against Defendant Log Cabin in the amount of Fifty Thousand Dollars ($50,000).

(2) In accordance with the Commission's regulatory duties and powers pursuant to § 13.1-570 of the Act, judgment is entered for the Commonwealth against Defendant Burks in the amount of Fifty Thousand Dollars ($50,000).

(3) In accordance with the Commission's regulatory duties and powers pursuant to § 13.1-567 of the Act, Defendant Log Cabin shall pay Nine Thousand Two Hundred Sixteen Dollars and Twenty-five Cents ($9,216.25) to the Division for its costs of investigation.

(4) In accordance with the Commission's regulatory duties and powers pursuant to § 13.1-567 of the Act, Defendant Burks shall pay Seventy-five Dollars and Seventy-five Cents ($75.75) to the Division for its costs of investigation.

(5) The Defendants are permanently enjoined from violating the Act in the future.

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

CASE NO. SEC-2009-00110
APRIL 16, 2010

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

CONSENT ORDER

TD Ameritrade, Inc. ("Defendant" or "TD") is a broker-dealer registered in the Commonwealth of Virginia;

Coordinated investigations into the Defendant's activities in connection with certain of its sales practices regarding the marketing and sale of auction rate securities during the period of approximately January 24, 2006, through February 13, 2008, have been conducted by a multistate task force;

Those coordinated investigations resulted in the simultaneous entry on July 20, 2009 of Consent Orders against the Defendant by the U.S. Securities and Exchange Commission, the Office of the Attorney General of the State of New York, and the Commonwealth of Pennsylvania;

The Defendant has cooperated with the regulators conducting the investigations by responding to inquiries, making witnesses available, providing documentary evidence and other materials, and providing regulators with access to facts relating to the investigation;

The Defendant, having advised regulators that it desires to settle and resolve the investigations, without admitting or denying the allegations therein, consents to the State Corporation Commission ("Commission") making findings and conclusions and entering this Consent Order ("Order"); and

The Defendant elects to permanently waive any right to a hearing and appeal under § 12.1-39 of the Code of Virginia with respect to this Order.

NOW, THEREFORE, the Commission, as administrator of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, hereby enters this Order.

I.

FINDINGS OF FACT

1. The Defendant (CRD #7870) was, at all times material herein, a New York corporation with its principal place of business at 1005 N. Ameritrade Place, Bellevue, Nebraska 68005.

2. The Defendant is in the business of effecting transactions in securities in the Commonwealth of Virginia as a "broker-dealer" within the meaning of the Act.

3. The Defendant maintains branch offices in Virginia.

4. The Defendant has and has had customers (Customers or TD Customers) located across the United States of America, including Virginia.

5. Prior to February 13, 2008, the Defendant solicited and sold financial instruments known as auction rate securities ("ARS") to at least one resident of Virginia.

ARS

6. ARS are bonds or preferred stocks that have interest rates or dividend yields that are periodically reset through an auction process, typically every seven (7), twenty-eight (28), or thirty-five (35) days.

7. ARS are usually issued with thirty (30) year maturities, but ARS maturities can range from five years to perpetuity.

8. ARS can be attractive investments to investors because ARS may offer slightly higher yields than various alternative products, including forms of cash alternative products.

9. An ARS yield is determined by the periodic auctions (commonly referred to as "Dutch" auctions) during which ARS are auctioned at par.

10. ARS typically can only be bought or sold at par at one of these periodic Dutch auctions.

11. Under the typical procedures for an ARS auction in effect prior to February 13, 2008, an investor, including TD Customers, who wished to purchase ARS at auction, submitted a bid that included the minimum interest or dividend rate that the investor would accept.

12. ARS holders could either choose to keep their securities until the next auction or submit offers to sell their ARS.

13. An auction agent collected all of the bids and offers for a particular auction.

14. The final yield rate at which the ARS were sold was the "clearing rate" and the clearing rate applied to that particular ARS until the next auction.

15. Bids with the lowest rate and then successively higher rates were accepted until all ARS sell orders were filled.

16. The clearing rate was the lowest rate bid sufficient to cover all ARS offered for sale in the auction.

17. If there were not enough bids to cover the ARS offered for sale in an auction, then an auction would fail.

18. In a failed auction, investors, including TD Customers, who wanted to sell, were not able to do so and such investors held their ARS until at least the next auction.

19. In the event of a failed auction, an ARS issuer pays the holders a maximum rate or "penalty" rate, which is either a flat rate or a rate based on a formula set forth in the ARS offering documents.

20. Penalty rates might be higher or lower than the prior clearing rate or market rates on similar products.

21. Due to various market conditions in the early part of 2008, many of the broker-dealers that acted as underwriters of the ARS offerings or as lead managers for the ARS auctions stopped submitting their own bids in support of the ARS auctions.

22. As a result, by February 13, 2008, the ARS market began to experience widespread auction failures, leaving ARS investors, including TD Customers throughout the United States of America, unable to sell their ARS holdings.

23. On February 13, 2008, through the date of this Order, the ARS market has continued to experience widespread failures, making ARS holdings illiquid.

24. Some ARS have been redeemed by their issuers since February 13, 2008, however, thousands of ARS investors, including TD Customers, who currently hold ARS have been unable to sell through the auction process.

25. TD Customers currently hold hundreds of millions of dollars in illiquid ARS that they are unable to sell through the auction process.

Defendant's Role in the ARS Market

26. To facilitate the auction process, issuers of ARS selected one or more broker dealers to underwrite an offering and/or manage an auction process.

27. In many instances, these chosen broker-dealers submitted their own bids to support the ARS auctions and to prevent the auctions from failing.

28. TD did not act as an underwriter, manager, or agent for any issuer of ARS.

29. As a distributing or "downstream" broker-dealer, the Defendant did not submit bids in an effort to support any of the ARS auctions or to prevent them from failing.

30. TD also did not hold any significant inventory of ARS in its broker-dealer house account(s).

31. TD acted solely as an agent, both on a solicited and unsolicited basis, for TD Customers by submitting their bids to purchase and orders to sell ARS.

32. TD received revenue, including fees for acting as an agent for customers in connection with ARS.

Defendant's ARS Sales to TD Customers

33. In soliciting TD Customers to purchase ARS prior to the middle of February 2008, TD's registered representatives made inaccurate comparisons between ARS and other investments, such as certificates of deposit or money market accounts, telling customers that ARS were similar investments but with a slightly higher yield.

34. In soliciting TD Customers to purchase ARS prior to the middle of February 2008, TD's registered representatives also did not accurately characterize the investment nature of ARS since ARS are highly complex securities that are very different from money market funds or certificates of deposit, as evidenced by, among other things, the dependence of ARS on successful auctions for liquidity.

35. TD's registered representatives also did not provide customers with adequate and complete disclosures regarding the complexity of the auction process and the risks associated with ARS, including the circumstances under which an auction could fail.

36. TD's registered representatives did not adequately disclose to TD Customers that the Customer's ability to liquidate the ARS depended on the willingness of other investors to buy the instruments at an auction.

37. The information described in Paragraphs 33 through 36 was material to TD Customers.

38. The Defendant was aware that its registered representatives marketed ARS to customers as liquid and as an alternative to cash, certificates of deposit, or money market funds without adequately disclosing that ARS are complex securities that may become illiquid.

II.

CONCLUSIONS OF LAW

The Commission has jurisdiction over this matter pursuant to the Act.

By engaging in the acts and conduct set forth in paragraphs I.5 through I.38, the Defendant, in connection with the offer, sale or purchase of a security, made untrue statements of material fact or omitted to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, in violation of § 13.1-502(2) of the Act.

III.

ORDER

On the basis of the Findings of Fact, Conclusions of Law, and the Defendant's consent to the entry of this Order, Accordingly,

IT IS ORDERED THAT:

1. This Order concludes the investigation by the Commission and any other action that the Commission could commence under applicable Virginia law on behalf of the Commonwealth of Virginia as it relates to the Defendant, concerning the marketing and sales of ARS by the Defendant, provided, however, that excluded from and not covered by this paragraph are any claims by the Commission arising from or relating to the enforcement of this Order. The Commission reserves the right to investigate and commence any proceeding it deems appropriate, in its sole discretion, relating in any way to (a) any Customer who requests a purchase from the Defendant and who purchased Eligible ARS at TD prior to February 13, 2008, but transferred such Eligible ARS away prior to January 24, 2006; (b) any account owner described in paragraph III.3(b)(3) of this Order that was excluded from the definition of Eligible Investor because it had over $10 million in assets at TD or total assets greater than $50 million; or (c) any account owner who holds or held Eligible ARS that were purchased at TD or entities acquired by TD's parent companies in an account owned, managed, or advised by or through an independent registered investment adviser.

2. This Order is entered into solely for the purpose of resolving the referenced multistate investigations, and is not intended to be used for any other purpose.

Relief for ARS Investors:

Purchases from ARS Investors

3. The Defendant will provide liquidity to Eligible Investors, as defined below, by purchasing Eligible ARS, as defined below, that have failed at auction at least once since February 13, 2008, at par, in the manner described below.

a. "Eligible ARS," for the purposes of this Order, shall mean ARS purchased at TD on or before February 13, 2008, and that have failed at auction at least once since February 13, 2008. Notwithstanding the foregoing definition, Eligible ARS shall not include ARS that were purchased at TD or entities acquired by TD's parent companies in accounts owned, managed, or advised by or through independent registered investment advisers; and

b. "Eligible Investors," for the purposes of this Order, shall mean the following current and former account owners who purchased Eligible ARS at TD on or before February 13, 2008, did not transfer such Eligible ARS away from TD prior to January 24, 2006 (Merger Date)[1], and held those securities on February 13, 2008:

1. Natural persons (including their IRA accounts, testamentary trust and estate accounts, custodian UGMA and UTMA accounts, and guardianship accounts); or

2. Charities, endowments, or foundations with Internal Revenue Code Section 501(c)(3) status; or

3. Small Businesses and Institutions. For purposes of this provision, "Small Businesses and Institutions" shall mean the following account owners with total assets at TD of $10 million or less as of March 13, 2009: trusts; corporate trusts; corporations; employee pension plans/ERISA and Taft Hartley Act plans; educational institutions; incorporated not-for-profit organizations; limited liability companies; limited partnerships; non-public companies; partnerships; personal holding companies; unincorporated associations; and government and quasi-government entities:

i. In calculating total assets at TD for the purposes of paragraph III.3(b)(3)iv of this Order, TD may include household accounts;

ii. If an account owner described within paragraph III.3(b)(3)(iv) transferred its Eligible ARS away from TD prior to March 13, 2009, then the date of the account owner's request to transfer its Eligible ARS shall be used for determining whether the account owner had $10 million or less in assets at TD;

iii. "Small Businesses and Institutions" shall not include broker-dealers or banks acting as conduits for their customers, or customers that had total assets of greater than $50 million as of the date of this Order; and

iv. In no event shall TD be required by this Order to purchase more than $10 million of ARS from any Small Business or Institution.

4. The Defendant shall offer to purchase, at par plus accrued and unpaid dividends/interest, from Eligible Investors their Eligible ARS ("Purchase Offer"). The Purchase Offer shall remain open as follows:

a. First Offer Period. For those Eligible Investors with assets at TD of $250,000 or less as of March 13, 2009, the Purchase Offer shall remain open for a period of seventy-five (75) days from the date on which the Purchase Offer was sent ("First Offer Period"). To the extent that any Eligible Investor transferred their Eligible ARS away from TD before March 13, 2009, then the measurement date for the $250,000 threshold shall be the date on which the transfer was requested by the Eligible Investor; and

[1] The Defendant was formed as a result of the consolidation of retail brokerage operations of Ameritrade, Inc. and TD Waterhouse Investors Services, Inc. following Ameritrade Holding Corporation's acquisition of TD Waterhouse Group, Inc. on January 24, 2006.

b. Second Offer Period. For those Eligible Investors with assets at TD of more than $250,000 as of March 13, 2009, the Purchase Offer shall remain open until at least March 23, 2010 ("Second Offer Period"), subject to extension pursuant to paragraph III.7(b) below. To the extent that any Eligible Investor transferred their Eligible ARS away from TD before March 13, 2009, then the measurement date for the $250,000 threshold shall be the date on which the transfer was requested by the Eligible Investor.

5. No later than August 10, 2009, the Defendant shall have undertaken its best efforts to identify and provide notice to Eligible Investors of the relevant terms of this Order. Said notice shall explain what Eligible Investors must do to accept, in whole or in part, the Purchase Offer. The Defendant shall also provide written notice of the relevant terms of this Order to any subsequently identified Eligible Investors.

6. To the extent that any Eligible Investors have not responded to the Purchase Offer on or before forty-five (45) days before the end of the applicable offer period (defined in paragraphs III.4(a) and (b) above), TD shall provide any such Eligible Investor with a second written notice informing them again of the Purchase Offer, including the date by which the applicable offer period will end. The Defendant shall also inform them of the relevant terms of this Order and any other material issues regarding the Eligible Investors' rights.

7. Eligible Investors may accept the Purchase Offer by notifying the Defendant, as described in the Purchase Offer, at any time before midnight, Eastern Time, on the last day of the applicable offer period. An acceptance must be received by TD prior to the expiration of the applicable offer period, or any extension thereof, to be effective. The purchases will be conducted as follows:

a. Purchases Relating to Eligible Investors to Whom the First Offer Period Applies. For those Eligible Investors to whom the First Offer Period applies, and who accept the Purchase Offer within the First Offer Period, the Defendant shall purchase their Eligible ARS no later than five (5) business days following the expiration of the First Offer Period;

b. Purchases Relating to Eligible Investors to Whom the Second Offer Period Applies. For those Eligible Investors to whom the Second Offer Period applies, and who accept the Purchase Offer within the Second Offer Period, the Defendant shall purchase their Eligible ARS as soon as practicable and, in any event, no later than five (5) business days following the expiration of the Second Offer Period ("Purchase Deadline"). The Defendant shall use its best efforts to effectuate all purchases under this paragraph by March 31, 2010, and in no event shall the purchases extend beyond June 30, 2010. In the event the Defendant's purchases under this paragraph extend beyond March 23, 2010, then the Second Offer Period shall be extended from March 23, 2010 until June 23, 2010;

c. An Eligible Investor may revoke acceptance of TD's Purchase Offer at any time up until the Defendant purchases such Eligible Investor's Eligible ARS or provides notice of the Defendant's intent to purchase such Eligible ARS;

d. The Defendant's obligation under this paragraph to those Eligible Investors who custodied their Eligible ARS away from TD as of the date of this Order shall be contingent on: (1) the Defendant receiving reasonably satisfactory assurance from the financial institution currently holding the Eligible Investor's Eligible ARS that the bidding rights associated with such Eligible ARS will be transferred to TD; and (2) transfer of the Eligible ARS back to TD; and

e. The Defendant shall use its best efforts to identify, contact, and assist any Eligible Investor who has transferred the Eligible ARS out of the Defendant's custody in returning such ARS to TD's custody, and shall not charge such Eligible Investor any fees relating to or in connection with the return to TD or custodianship by TD of such Eligible ARS.

8. In the event that the Defendant receives a purchase request from a customer who purchased Eligible ARS at TD prior to February 13, 2008, but who transferred such Eligible ARS away from TD prior to the Merger Date, the Defendant shall engage in good faith negotiations with such customer in an attempt to resolve the customer's request. The Defendant shall promptly notify a representative specified by the North American Securities Administrators Association ("NASAA representative") of all such requests.

9. By July 22, 2009, the Defendant shall have established: (a) a dedicated toll-free telephone assistance line, with appropriate staffing, to provide information and to respond to questions concerning the terms of this Order; and (b) a public Internet page on its corporate Website(s), with a prominent link to that page appearing on TD's relevant homepage(s), to provide information concerning the terms of this Order and, via an e-mail address or other reasonable means, to respond to questions concerning the terms of this Order. The Defendant shall maintain the telephone assistance line and Internet page through at least the last day of the Purchase Deadline, or any extension thereof.

Relief for Eligible Investors Who Sold Below Par

10. No later than seventy-five (75) days from July 20, 2009, the Defendant shall have undertaken its best efforts to identify any Eligible Investor who sold Eligible ARS below par between February 13, 2008, and the date of this Order ("Below Par Seller") and pay them the difference between par and the price at which the Eligible Investor sold the Eligible ARS, plus reasonable interest thereon. The Defendant shall promptly pay any such Below Par Seller identified thereafter.

Reimbursement for Related Loan Expenses

11. As soon as practicable, but not later than seventy-five (75) days from July 20, 2009, the Defendant shall have made its best efforts to identify Eligible Investors who took out loans from the Defendant after February 13, 2008, that were secured by Eligible ARS that were not successfully auctioning at the time the loan was taken out from TD and paid interest associated with the ARS based portion of those loans in excess of the total interest and dividends received on the ARS during the duration of the loan. The Defendant shall reimburse such customers promptly for the excess expense, plus reasonable interest thereon.

Arbitration

12. The Defendant consents to participate in a special arbitration (Arbitration) for the exclusive purpose of arbitrating any Eligible Investor's consequential damages claim arising from their inability to sell Eligible ARS.

13. The Defendant will notify Eligible Investors of the Arbitration process under the following terms:

a. The Arbitration will be conducted by a single public arbitrator (as defined by Section 12100(u) of the FINRA Code of Arbitration Procedures for Customer Disputes);

b. The Defendant will pay all applicable forum and filing fees. Eligible Investors may seek recovery for their attorneys' fees to the same extent that they may under standard arbitration procedures;

c. Any Eligible Investor who chooses to pursue such claims in the Arbitration shall bear the burden of proving that they suffered consequential damages and that such damages were caused by their inability to access funds invested in Eligible ARS;

d. In the Arbitration, the Defendant shall be able to defend itself against such claims, provided, however, that the Defendant shall not contest liability for the illiquidity of the underlying ARS or use as part of its defense any decision by an Eligible Investor not to borrow money from TD;

e. All customers, including but not limited to Eligible Investors who avail themselves of the relief provided pursuant to this Order, may pursue any remedies against the Defendant available under the law. However, Eligible Investors that elect to utilize the Arbitration process set forth above are limited to the remedies available in that process and may not bring or pursue a claim relating to Eligible ARS in another forum.

f. All terms used but not defined herein shall have the meaning assigned to them by the Act.

Reporting and Meetings

14. Within forty-five (45) days of the end of each month beginning with a report covering the month ended after the date of this Order and continuing through and including a report detailing the month ended March 31, 2010, the Defendant will submit a monthly written report to the NASAA representative detailing its progress with respect to its obligations pursuant to this Order.

15. The Defendant will confer with the NASAA representative on a quarterly basis to discuss TD's progress to date. Such quarterly discussions will continue through the first quarter of 2010.

16. The reporting or meeting deadlines set forth above may be amended with written permission from the NASAA representative.

Compliance Measures

17. The Defendant is ordered to provide the NASAA representative with a list of Customers, (delineated and separated by state residency and including amounts of Eligible ARS then held at TD) who receive notice of the Offer contained in paragraphs III.3 and III.4 of this Order promptly after such notice is sent.

18. The Defendant is ordered to provide the NASAA representative with a list of Below Par Sellers (delineated and separated by state residency and including amounts of Eligible ARS) who are eligible for relief pursuant to paragraph III.10 of this Order promptly after the First Offer Period ends.

19. The Defendant is ordered to provide the NASAA representative with a list of Customers who took loans from TD secured by Eligible ARS (delineated and separated by state residency and including amounts of Eligible ARS and original loan amounts) who are entitled to relief under paragraph III.11 of this Order promptly after the First Offer Period ends.

20. The Defendant is ordered to comply with the Act and with the regulations adopted by the Commission.

21. For any person or entity not a party to this Order, unless expressly stated herein, this Order does not limit or create any private rights or remedies against the Defendant, limit or create liability of the Defendant, or limit or create defenses of the Defendant to any claims.

22. Nothing herein shall preclude the Commonwealth of Virginia, its departments, agencies, boards, commissions, authorities, political subdivisions, and corporation (collectively "State Entities"), other than the Commission and only to the extent set forth in paragraph III.1, and the officers, agents, or employees of State Entities from asserting any claims, causes of action, or applications for compensatory, nominal and/or punitive damages, administrative, civil, criminal, or injunctive relief against the Defendant in connection with the marketing and sale of ARS at TD.

23. This Order is binding in the Commonwealth of Virginia.

24. Should the Defendant fail to comply with any or all provisions of this Order, the Commission may impose sanctions and costs and seek other appropriate relief subject to the Defendant's rights to notice and a hearing pursuant to the Act.

25. This Order and any dispute related thereto shall be construed and enforced in accordance with, and governed by, the laws of the Commonwealth of Virginia without regard to any choice of law principles.

26. This Order shall be binding upon the Defendant and its successors and assigns as well as on successors and assigns of relevant affiliates with respect to all conduct subject to the provisions above and all future obligations, responsibilities, undertakings, commitments, limitations, restrictions, events, and conditions.

CASE NO. SEC-2009-00112
JANUARY 6, 2010

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

v.

SCOTT & STRINGFELLOW, LLC,
Defendant

SETTLEMENT ORDER

Scott & Stringfellow, LLC ("Defendant"), is a broker-dealer registered in the Commonwealth of Virginia;

The Division of Securities and Retail Franchising ("Division") of the State Corporation Commission ("Commission") has conducted an investigation of the Defendant's activities in connection with certain of its sales practices regarding the marketing and sale of auction rate securities during the period of approximately January 1, 2006, through February 13, 2008; and

The Defendant has cooperated with the Division in its investigation by self-reporting the offer and sale of auction rate securities and responding to inquiries, making members of the firm available to answer questions, providing documentary evidence and other materials, and providing the Division with access to facts relating to the investigation. The Defendant acted primarily as a downstream broker through a distribution of auction rate securities.

Based on an investigation conducted by the Division it is alleged that the Defendant violated Commission Rules 21 VAC 5-20-260 A and B and 21 VAC 5-20-280 A 3 and A 18 when the Defendant's registered representatives allegedly did not provide all of its customers with adequate and complete disclosures regarding the complexity of the auction process and the risks associated with auction rate securities, including the circumstances under which an auction could fail and that the Defendant's registered representatives allegedly did not adequately disclose to all of its customers that the customer's ability to liquidate the auction rate securities depended on the willingness of other investors to buy the instruments at an auction.

The Commission is authorized by § 13.1-506 of the Act to revoke the Defendant's registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose certain monetary penalties, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

The Defendant neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Settlement Order (also referred to, in the alternative, as "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. This Order concludes the investigation by the Commission and any other action that the Commission could commence under applicable Virginia law on behalf of the Commonwealth of Virginia as it relates to the Defendant, concerning the marketing and sales of auction rate securities by the Defendant, provided, however, that excluded from and not covered by this paragraph are any claims by the Commission arising from or relating to the enforcement of this Settlement Order in the event the Defendant fails to abide by the terms hereunder. The Commission reserves the right to investigate and commence any proceeding it deems appropriate, in its sole discretion, relating in any way to any customer who requested a repurchase from the Defendant pursuant to the terms and conditions of its Auction Rate Securities Offer to Purchase ("Offer to Purchase"), as defined below, and who purchased auction rate securities from the Defendant pursuant to the terms and conditions prior to February 11, 2008, and held in certain customer accounts as of September 18, 2008, if the Defendant failed to accommodate such customer's repurchase request. For purposes of the Offer to Purchase, "customer" shall mean individuals (including any IRAs), a charity, a 501(c)(3) or 501(c)(4) nonprofit company and small to medium-sized business having with the Defendant on account or affiliated accounts of $10 million or less, an advisory account with the Defendant held by an investment advisory client, or on account with the Defendant held by and in the name of a retirement plan, except for current or former associated persons of the Defendant.

2. The Defendant will abide by the terms and conditions of its Offer to Purchase from customers on file with the Division;

3. For any customer who was eligible for the Offer to Purchase, but sold their securities under par prior to when the Offer to Purchase was made, the Defendant shall pay the customer the difference between par and the price at which the customer sold the auction rate securities subject to the Offer to Purchase, plus reasonable interest thereon ("Below Par Seller"). The Defendant shall promptly pay any such Below Par Seller identified thereafter.

4. The Defendant shall have made its best efforts to identify customers who were eligible for the Offer to Purchase and took out loans from the Defendant after February 11, 2008, that were secured by the customer's auction rate securities that were not successfully auctioning at the time the loan was taken out from the Defendant and paid interest associated with the auction rate securities based on a portion of those loans in excess of the total interest and dividends received on the auction rate securities during the duration of the loan. The Defendant shall reimburse such customers promptly for the excess expense, plus reasonable interest thereon.

5. With respect to the customers who were eligible for the Offer to Purchase, the Defendant consents to participate in a special arbitration ("Arbitration") for the exclusive purpose of arbitrating any such customer's consequential damages claim arising from the customer's inability to sell auction rate securities. The Arbitration will be conducted by a single public arbitrator (as defined by Section 12100(u) of the Financial Industry Regulatory Authority ("FINRA") Code of Arbitration Procedures for Customer Disputes);

a. The Defendant will pay all applicable forum and filing fees. Customers may seek recovery for their attorneys' fees to the same extent that they may under standard arbitration procedures;

b. Any customer who chooses to pursue such claims in the Arbitration shall bear the burden of proving that they suffered consequential damages and that such damages were caused by their inability to access funds invested in auction rate securities;

c. In the Arbitration, the Defendant shall be able to defend itself against such claims, provided, however, that the Defendant shall not contest liability for the illiquidity of the underlying auction rate securities or use as part of its defense any decision by a customer not to borrow money from the Defendant; and

d. All customers who avail themselves of the relief provided pursuant to this Order, may pursue any remedies against the Defendant available under the law. However, customers that elect to utilize the Arbitration process set forth above are limited to the remedies available in that process and may not bring or pursue a claim relating to customers in another forum.

6. Within forty-five (45) days of the end of each month beginning with a report covering the month ended one month after the date of the entry of this Settlement Order and continuing through and including a report detailing the month ended December 31, 2010, the Defendant will submit a monthly written report to the Division detailing (i) in its first report, customers identified pursuant to Paragraphs 2, 3, 4, and 5 of this Settlement Order; and (ii) thereafter, any changes from the immediately preceding report.

7. Within ninety (90) days of the date of entry of the Settlement Order, the Defendant shall submit a written report to the Division outlining the efforts in which Defendant has engaged and the results of those efforts with respect to the Defendant's customers' holdings in auction rate securities that were not eligible for the Offer to Purchase. This report will continue on a quarterly basis until such time as all customers' auction rate securities are resolved.

For purposes of this Settlement Order, the Defendant represents in good faith to the Commission that to the best of the Defendant's knowledge, it has already fully complied with the terms and undertakings in Paragraph 2, and there are no Below Par Sellers pursuant to Paragraph 3.

The Defendant will comply with the Act and with the regulations adopted by the Commission.

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; and

(3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendant's failure to comply with the terms and undertakings of the settlement.

CASE NO. SEC-2009-00113
APRIL 13, 2010

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
CAPITOL SECURITIES MANAGEMENT, INC.,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that Capitol Securities Management, Inc. ("Defendant") violated Securities Rule 21 VAC 5-20-260 B by failing to exercise diligent supervision over the securities activities of its agents.

The State Corporation Commission ("Commission") is authorized by § 13.1-506 of the Act to revoke the Defendant's registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose certain monetary penalties, by § 13.1-521 C of the Act to make rescission and restitution, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

The Defendant neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Settlement Order ("Order").

As a proposal to settle all matters arising from these allegations, the Defendant has made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms and undertakings:

(1) The Defendant will pay to the Treasurer of the Commonwealth of Virginia, contemporaneously with the entry of this Order, the amount of Eleven Thousand Three Hundred Dollars ($11,300) in monetary penalties.

(2) The Defendant will pay to the Treasurer of the Commonwealth of Virginia, contemporaneously with the entry of this Order, the amount of Three Thousand Seven Hundred Dollars ($3,700) to defray the cost of investigation.

(3) The Defendant will amend its current policies and procedures to specifically prohibit its agents from engaging in the practice of lending or borrowing money or securities from or to customers residing in Virginia. The amendments to the Defendant's policies and procedures are attached to 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.

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; and

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

Dismissal of this case does not relieve the Defendant from its reporting obligations to any regulatory authority.

CASE NO. SEC-2009-00114
JUNE 17, 2010

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
ANDREW PILZ
and
TINA PILZ D/B/A SKIN APPEAL DAY SPA, INC.,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that Andrew Pilz and Tina Pilz d/b/a Skin Appeal Day Spa, Inc. ("Defendants"): (i) violated § 13.1-502 (2) of the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code of Virginia 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; (ii) violated § 13.1-504 A (i) of the Act by transacting business in the Commonwealth of Virginia without being duly registered with the Division as an agent of the issuer; and (iii) violated § 13.1-507 (i) of the Act by offering or selling securities that were not registered under the Act or exempt from registration.

The State Corporation Commission ("Commission") is authorized by § 13.1-506 of the Act to revoke the Defendants' registration; by § 13.1-519 of the Act to issue temporary or permanent injunctions; by § 13.1-518 A of the Act to impose costs of investigation; by § 13.1-521 A of the Act to impose certain monetary penalties; by § 13.1-521 C of the Act to make rescission and restitution; and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

The Defendants neither admit nor deny these allegations but admit to the Commission's jurisdiction and authority to enter this Settlement Order.

As a proposal to settle all matters arising from these allegations, the Defendants have made an offer of settlement to the Commission wherein the Defendants will abide by and comply with the following terms and undertakings:

(1) The Defendants will pay to the Treasurer of the Commonwealth of Virginia the amount of Two Hundred Ten Thousand Dollars ($210,000) in monetary penalties. The penalty will be waived upon the Defendants making an offer of rescission to the investors who were offered or sold securities in violation of the Act.

(2) The Defendants will pay to the Treasurer of the Commonwealth of Virginia the amount of Two Thousand Four Hundred Dollars ($2,400) to defray the costs of investigation. The penalty will be waived upon the Defendants making an offer of rescission to the investors who were offered or sold securities in violation of the Act.

(3) The Defendants will make a rescission offer to the investors who were offered or sold securities in violation of the Act.

(a) Within thirty (30) days of the date of entry of this Settlement Order, the Defendants will make a written offer of rescission sent by certified mail to the investors, which will include an offer to repay all monies invested by or through the Defendants, and a provision that gives each investor thirty (30) days from the date of receipt of the rescission offer to provide the Defendants with written notification of their decision to accept or reject the offer.

(b) The Defendants will provide to the Division a copy of the rescission offer for its review and comment at least ten (10) days before sending it to each investor.

(c) The Defendants will include with the written offer of rescission a copy of this Settlement Order.

(d) If the rescission offer is accepted, the Defendants will forward the payment to the investors within one hundred eighty (180) days of receipt of the acceptance.

(e) Within two hundred seventy (270) days from the date of the Settlement Order, the Defendants will submit to the Division proof of certified mailing of the rescission offer and an affidavit, executed by the Defendants, which contains the date on which each investor received the offer of rescission, the investor's response, and, if applicable, the amount and the date that payment was sent to the investor.

(4) The Defendants are permanently enjoined from transacting any further securities business in the Commonwealth of Virginia as an issuer, agent of an issuer, broker-dealer, broker-dealer representative, investment advisor, or investment advisor representative.

(5) The Defendants will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendants.

The Commission, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Division, is of the opinion that the Defendants' offer should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendants in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) The Defendants fully comply with the aforesaid terms and undertakings of this settlement; and

(3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendants' failure to comply with the terms and undertakings of the settlement.

CASE NO. SEC-2009-00118
SEPTEMBER 22, 2010

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
GLOBAL RETAILERS, LLC
and
BILL BUSSEY,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that Global Retailers, LLC ("GRL") and Bill Bussey ("Bussey") (collectively, "Defendants"): (i) violated § 13.1-502 (2) of the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code of Virginia, 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; (ii) Bussey violated § 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; (iii) GRL violated § 13.1-504 B of the Act by employing an unregistered agent in the offer and sale of securities; and (iv) the Defendants 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 standards of the statutes are met, the State Corporation Commission ("Commission") is authorized by § 13.1-506 of the Act to revoke the Defendants' registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose certain monetary penalties, by § 13.1-521 C of the Act to order the Defendants to make rescission and restitution, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

The Defendants neither admit nor deny these allegations but admit to the Commission's jurisdiction and authority to enter this Settlement Order.

As a proposal to settle all matters arising from these allegations, the Defendants have made an offer of settlement to the Commission wherein the Defendants will abide by and comply with the following terms and undertakings:

(1) The Defendants will pay to the Treasurer of the Commonwealth of Virginia the amount of Twenty Thousand Dollars ($20,000) in monetary penalties. The Defendants will make twelve (12) equal monthly installments with the first installment due contemporaneously with the entry of this Settlement Order.

(2) The Defendants will pay to the Treasurer of the Commonwealth of Virginia the amount of Twelve Thousand Five Hundred Dollars ($12,500) to defray the cost of investigation. The Defendants will make twelve (12) equal monthly installments with the first installment due contemporaneously with the entry of this Settlement Order.

(3) The Defendants will send a copy of this Settlement Order to every current investor within thirty (30) days from the date of entry of this Order. Additionally, the Defendants will submit an affidavit to the Division attesting to this fact within forty-five (45) days of the entry of this Settlement Order.

(4) The Defendants will send a copy of the 2008 Directors' Report including the independent auditor's opinion, the 2009 Consolidated Financial Statements, and the May 13, 2010 CPA letter to every current investor within thirty (30) days of the date of entry of this Settlement Order. Additionally, the Defendants will submit an affidavit to the Division attesting to this fact within forty-five (45) days of the entry of this Settlement 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.

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 be, and it is hereby, accepted;

(2) The Defendants fully comply with the aforesaid terms and undertakings of this settlement; and

(3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendants' failure to comply with the terms and undertakings of the settlement.

CASE NOS. SEC-2009-00119 AND SEC-2010-00052
NOVEMBER 23, 2010

COMMONWEALTH OF VIRGINIA, *ex. rel.*
STATE CORPORATION COMMISSION
v.
THE GLOVE LADY, LLC
and
ROBERT TEAGUE,
Defendants

FINAL ORDER

On June 9, 2010, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against The Glove Lady, LLC ("TGL") and Robert Teague ("Teague") (collectively, "Defendants"). The Rule alleged various violations of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq*. of the Code of Virginia. Specifically, it alleged that the Defendants offered and sold franchises in the Commonwealth of Virginia without being registered in violation of § 13.1-560 of the Act, and failed to provide Virginia franchisees with the appropriate disclosure documents in violation of § 13.1-563 (4) of the Act.

The Rule, among other things, assigned the matter to a Hearing Examiner and scheduled an evidentiary hearing for August 4, 2010. Additionally, the Rule ordered the Defendants to file a responsive pleading on or before June 30, 2010, in which the Defendants were required to expressly admit or deny the allegations in the Rule and present any affirmative defenses that they intended to assert. The Defendants were advised that they may be found in default if they failed to either timely file a responsive pleading or other appropriate pleading, or if they filed such pleading and failed to make an appearance at the hearing. If found in default, the Defendants were advised that they would be deemed to have waived all objections to the admissibility of evidence and may have entered against them a judgment by default imposing some or all of the sanctions permitted by law.

On June 30, 2010, Teague filed a letter on behalf of the Defendants that stated, among other things, that TGL was no longer in business and insolvent. Teague asserted that the Defendants tried to comply with their legal obligations and asked for mercy from the court.

An evidentiary hearing on the Rule was convened on August 4, 2010. Gauhar R. Naseem, Esquire, appeared on behalf of the Division. The Defendants failed to appear after receiving notice of the hearing.

At the hearing, the Division, by counsel, offered into the record the affidavit of Jonathan Hawkins, investigator with the Division, together with attachments, and the return receipt from the certified mailing of the Rule.

The Division requested that the Hearing Examiner: (i) recommend to the Commission that the Commission enter a judgment order imposing a $25,000 monetary penalty for each violation of the Act for a total of $100,000 against TGL; (ii) recommend to the Commission that the Commission enter a judgment order imposing a $25,000 monetary penalty for each violation of the Act for a total of $100,000 against Teague; (iii) recommend to the Commission that the Defendants be ordered to make rescission and restitution to the Virginia franchisees; (iv) recommend to the Commission that each Defendant be assessed the amount of $4,472 for a total of $8,944 for costs of the Division's investigation; and (v) recommend the Defendants be permanently enjoined from violating the Act.

On August 20, 2010, the Hearing Examiner issued his Report. In his report, he found that (i) the testimony and documentary evidence submitted by the Division proved by clear and convincing evidence the Defendants' violations of the Act; (ii) each Defendant should be penalized a total of $50,000 for violations related to the sale of the franchise on December 12, 2007; and (iii) if the Defendants rescind both Virginia franchises and make restitution to the franchisees of their franchise fee, no other penalties will be required of either Defendant. The Report allowed the Defendants 21 days in which to provide comments. The Defendants did not file 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) In accordance with the Commission's regulatory duties and powers pursuant to § 13.1-570 of the Act, judgment is entered for the Commonwealth against Defendant TGL in the amount of Fifty Thousand Dollars ($50,000);

(2) In accordance with the Commission's regulatory duties and powers pursuant to § 13.1-570 of the Act, judgment is entered for the Commonwealth against Defendant Teague in the amount of Fifty Thousand Dollars ($50,000);

(3) In accordance with the Commission's regulatory duties and powers pursuant to § 13.1-567 of the Act, each Defendant shall be assessed the amount of $4,472 for a total of $8,944 for costs of the Division's investigation;

(4) If the Defendants rescind both Virginia franchises and make restitution to the franchisees of their franchise fee within six months of the date of this order, and submit to the Division an Affidavit containing proof that restitution payments were made by providing certified mail return receipts and a copy of the check sent to each franchisee, no penalties will be required of either Defendant;

(5) The Defendants are permanently enjoined from violating the Act in the future; and

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

CASE NO. SEC-2009-00120
AUGUST 4, 2010

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
MORGAN STANLEY & CO., INCORPORATED,
Defendant

CONSENT ORDER

Morgan Stanley & Co., Incorporated ("Morgan Stanley") is a broker-dealer registered in the Commonwealth of Virginia; and

Coordinated investigations into Morgan Stanley's activities in connection with the marketing and sale of auction rate securities ("ARS") during the period of approximately August 1, 2007, through February 11, 2008, have been conducted by a multi-state task force; and

Morgan Stanley has cooperated with regulators conducting the investigations by responding to inquiries, providing documentary evidence and other materials, and providing regulators with access to facts relating to the investigations; and

Morgan Stanley has advised regulators of its agreement to resolve the investigations relating to its practices in connection with the marketing and sale of ARS to retail investors; and

Morgan Stanley agrees to make (or to have made on its behalf) certain payments as part of the resolution of the investigations; and

Morgan Stanley elects to permanently waive any right to a hearing and appeal under § 13.1-521 A of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, and § 12.1-39 of the Code of Virginia with respect to this Consent Order ("Order");

NOW, THEREFORE, the State Corporation Commission ("Commission") hereby enters this Order:

I. FINDINGS OF FACT

1. Morgan Stanley admits the jurisdiction of the Commission; neither admits nor denies the Findings of Fact and Conclusions of Law contained in this Order; and consents to the entry of this Order by the Commission.

2. ARS are financial instruments that include auction preferred shares of closed-end funds, municipal auction rate bonds, and various asset-backed auction rate bonds (collectively referred to herein as "ARS"). ARS are long-term instruments where the interest/dividend is reset weekly or monthly.

3. Morgan Stanley participated in the marketing and sale of ARS.

4. In certain instances, Morgan Stanley, through its agents, advised certain clients that ARS were safe, liquid investments, when in fact ARS had significant liquidity risks associated with them.

5. Representatives of Morgan Stanley represented to certain customers of Morgan Stanley that ARS were short-term investments. In fact, because ARS are bonds with long-term maturities, their short-term liquidity was dependent on the successful operation of a bidding process known as a Dutch auction. Certain representatives of Morgan Stanley failed to disclose to certain customers with short-term liquidity needs that they might be unable to sell their ARS if the auction process failed.

6. In connection with the sale of ARS, certain agents of Morgan Stanley told certain investors that ARS were "just like cash" and "liquid with seven days notice."

7. Morgan Stanley marketed ARS to investors within a brochure entitled "Money Market Instruments." Within this brochure, ARS were listed under the subsection "Other Short-Term Instruments."

8. Since it began participating in the ARS market, Morgan Stanley submitted support bids—purchase orders for the entirety of an auction rate security issue for which it acted as the sole or lead broker. Support bids were proprietary orders of Morgan Stanley that would be filled, in whole or in part, if there was otherwise insufficient demand in an auction. When Morgan Stanley purchased ARS through support bids, ARS were then owned by Morgan Stanley and the holdings were recorded on Morgan Stanley's balance sheet. For risk management purposes, Morgan Stanley imposed limits on the amounts of ARS it could hold in inventory.

9. Because many investors could not ascertain how much of an auction was filled through Morgan Stanley's proprietary trades, they could not determine if auctions of Morgan Stanley were clearing because of normal marketplace demand or because Morgan Stanley was making up for the lack of demand through support bids. Generally, investors were also not aware that the liquidity of the ARS as to which Morgan Stanley was the managing broker-dealer depended upon Morgan Stanley's continued use of support bids. While Morgan Stanley could track its own inventory as a measure of the supply and demand for its ARS, ordinary investors had no comparable ability to assess the operation of Morgan Stanley's auctions. There was no way for such investors to monitor supply and demand in the market or to assess when broker-dealers might decide to stop supporting the market, thereby causing its collapse.

10. Starting in August 2007, the credit crisis and other deteriorating market conditions strained the ARS market. Some institutional investors withdrew from the market, decreasing demand for ARS.

11. The resulting market dislocation should have been evident to Morgan Stanley. Morgan Stanley's support bids filled the increasing gap in the demand in its auctions for ARS, sustaining the impression that the demand for ARS had not decreased. As a result, Morgan Stanley's ARS inventory grew significantly, requiring Morgan Stanley to raise its risk management limits on its ARS inventory.

12. From the fall of 2007 through February of 2008, demand for ARS continued to erode and Morgan Stanley's ARS inventory reached unprecedented levels. Morgan Stanley eventually became aware of the increasing strains in the ARS market and recognized the potential for widespread market failure. Morgan Stanley never disclosed these increasing risks of owning or purchasing ARS to its customers.

13. In February 2008, Morgan Stanley and other firms stopped supporting the auctions. Without the benefit of support bids, the ARS market collapsed, leaving investors who had been led to believe that these securities were cash alternative investments appropriate for managing short-term cash needs, holding long-term or perpetual securities that could not be sold at par value until and if the auctions cleared again.

14. Although ARS are complex products, Morgan Stanley did not provide its sales or marketing staff with the training necessary to adequately explain these products or the mechanics of the auction process to their customers.

15. Morgan Stanley did not adequately train all of its brokers and financial advisers regarding the potential illiquidity of ARS, including the fact that Morgan Stanley may stop supporting the market.

II. CONCLUSIONS OF LAW

1. The Commission has jurisdiction over this matter pursuant to the Act. The Act authorizes the Commission to regulate: (1) the offers, sales, and purchases of securities; (2) those individuals and entities offering and/or selling securities; and (3) those individuals and entities transacting business as investment advisors within the Commonwealth of Virginia.

Morgan Stanley Engaged in Prohibited Business Conduct.

2. As described in the Findings of Fact section above, Morgan Stanley inappropriately marketed and sold ARS without adequately informing its customers of the increased risks of illiquidity associated with the product for the time period August 1, 2007, through February 11, 2008.

3. As a result, Morgan Stanley violated Commission Rule 21 VAC 5-20-280 E 12.

Morgan Stanley Failed to Supervise Its Agents.

4. As described in the Findings of Fact section above, Morgan Stanley failed to properly supervise and train its agents with respect to the marketing and sale of ARS from October 1, 2007, to February 11, 2008.

5. As a result, Morgan Stanley violated Commission Rules 21 VAC 5-20-260 A and B.

6. The Commission finds the following relief appropriate and in the public interest.

III. ORDER

On the basis of the Findings of Fact, Conclusions of Law, and Morgan Stanley's consent to the entry of this Order, IT IS HEREBY ORDERED that:

(1) This Order concludes the investigation by the Commission's Division of Securities and Retail Franchising and any other action that the Commission could commence under the Act on behalf of the Commonwealth of Virginia as it relates to Morgan Stanley's marketing and sale of ARS provided, however, that excluded from and not covered by this paragraph (1) are any claims by the Commission arising from or relating to the Order provisions contained herein.

(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.

(3) Morgan Stanley shall refrain from violating the Act and will comply with the Act in the future.

(4) Within ten (10) days from the entry of this Order, Morgan Stanley shall pay the sum of Three Hundred Ten Thousand Nine Hundred Sixty-six Dollars and Eighty-two Cents ($310,966.82) to the Treasurer of the Commonwealth of Virginia pursuant to § 13.1-521 A of the Act.

(5) In the event another state securities regulator determines not to accept Morgan Stanley's settlement offer, the total amount of the Virginia payment shall not be affected and shall remain Three Hundred Ten Thousand Nine Hundred Sixty-six Dollars and Eighty-two Cents ($310,966.82).

(6) Definitions and Buyback Offer. Morgan Stanley shall comply with the following requirements:

a. Eligible Investors

i. Morgan Stanley shall have provided liquidity to Retail ARS Investors by buying back, at par, in the manner described below, Eligible ARS that were not clearing as of September 30, 2008.

ii. "Eligible ARS," for the purposes of this Order, shall mean ARS purchased at Morgan Stanley prior to February 13, 2008.

iii. "Retail ARS Investors," for the purposes of this Order, shall mean:

a. Natural persons (including their Individual Retirement Accounts, testamentary trust and estate accounts, custodian uniform gift to minor accounts and uniform transfer to minor accounts, and guardianship accounts) who purchased Eligible ARS at Morgan Stanley;

b. Charities and nonprofits with Internal Revenue Code Section 501(c)(3) status that purchased Eligible ARS at Morgan Stanley; and

iv. Small Businesses that purchased Eligible ARS at Morgan Stanley. For purposes of this provision, "Small Businesses" shall mean Morgan Stanley customers not otherwise covered in paragraph (6)a.(iii) above that had $10 million or less in assets in their accounts with Morgan Stanley, net of margin loans, as determined by the customer's aggregate household position(s) at Morgan Stanley as of August 31, 2008, or, if the customer was not a customer of Morgan Stanley as of August 31, 2008, as of the date that the customer terminated its customer relationship with Morgan Stanley. Notwithstanding any other provision, "Small Businesses" does not include broker-dealers or banks acting as conduits for their customers.

v. Morgan Stanley shall have offered to purchase, at par plus accrued and unpaid dividends/interest, from Retail ARS Investors their Eligible ARS that were not clearing as of September 30, 2008 ("Buyback Offer"), and have explained to such Retail ARS Investors what they must have done to accept, in whole or in part, the Buyback Offer. The Buyback Offer shall have remained open until at least January 11, 2009 ("Offer Period"). Morgan Stanley may in its sole discretion extend the Offer Period beyond this date.

vi. Morgan Stanley shall have undertaken its best efforts to identify and provide notice to Retail ARS Investors who invested in Eligible ARS that were not clearing as of September 30, 2008, of the relevant terms of this Order by October 20, 2008.

vii. Retail ARS Investors may have accepted the Buyback Offer by notifying Morgan Stanley at any time before midnight, Eastern Time, January 11, 2009, or such later date and time as Morgan Stanley may have in its sole discretion decided to extend the Offer Period. For Retail ARS Investors who accepted the Buyback Offer prior to December 11, 2008, Morgan Stanley shall have purchased their Eligible ARS by December 15, 2008. Morgan Stanley shall have purchased the Eligible ARS of all other Retail ARS Investors who accepted the Buyback Offer within the Offer Period, on or before January 16, 2009.

viii. If at any time between January 12, 2009, and December 31, 2009, a Retail ARS Investor who did not accept the Buyback Offer contacts Morgan Stanley and affirms that he or she did not receive notice of the Buyback Offer prior to January 11, 2009, Morgan Stanley will purchase the Eligible ARS of such investor.

ix. No later than October 20, 2008, Morgan Stanley shall have established: (a) a dedicated toll-free telephone assistance line, with appropriate staffing, to provide information and to respond to questions concerning the terms of this Order; and (b) a public Internet page on its corporate Website(s), with a prominent link to that page appearing on Morgan Stanley's relevant homepage(s), to provide information concerning the terms of this Order and, via reasonable means, to respond to questions concerning the terms of this Order. Morgan Stanley shall maintain the telephone assistance line and Internet page through December 31, 2009.

b. Review of Customer Accounts

For a period of two years from the date of this Order, upon request from any firm that is repurchasing ARS, Morgan Stanley shall take reasonable steps to provide notice of that firm's offer to repurchase ARS to Morgan Stanley's customers that Morgan Stanley can reasonably identify, that hold such ARS subject to the other firm's repurchase.

c. Relief for Investors Who Sold Below Par

No later than December 11, 2008, Morgan Stanley shall have paid any Retail ARS Investor that Morgan Stanley could reasonably identify who sold Eligible ARS below par between February 13, 2008, and August 13, 2008, the difference between par and the price at which the Retail ARS investor sold the Eligible ARS.

d. Claims for Consequential Damages

i. Notwithstanding this Order, an investor may pursue any claims related to the sale of ARS via any method normally available to the investor. However, if the investor is pursuing claims related exclusively to consequential damages, Morgan Stanley shall provide the investor with the option to proceed in arbitration according to the following provisions:

a. The arbitrations will be conducted by a single public arbitrator in accordance with the Financial Industry Regulatory Authority's ("FINRA") special arbitration procedures for claims of consequential damages filed by Retail ARS Investors;

b. Morgan Stanley shall pay all applicable FINRA forum and FINRA filing fees;

c. Any Retail ARS Investors who choose to pursue such claims shall bear the burden of proving that they suffered consequential damages and that such damages were caused by the investors' inability to access funds consisting of Eligible ARS holdings purchased at Morgan Stanley; and

d. Morgan Stanley shall be able to defend itself against such claims; provided, however, that Morgan Stanley shall not contest liability related to the sale of ARS and, provided further, that Morgan Stanley shall not be able to use as part of its defense a Morgan Stanley Retail ARS Investor's decision not to borrow money from Morgan Stanley.

ii. Retail ARS Investors who elect to use the special arbitration process provided for herein shall not be eligible for punitive damages.

iii. All customers, including but not limited to Retail ARS Investors who avail themselves of the relief provided pursuant to this Order, may pursue any remedies against Morgan Stanley available under the law. However, Eligible Investors that elect to utilize the special arbitration process set forth above are limited to the remedies available in that process and may not bring or pursue a claim against Morgan Stanley or in any case where Morgan Stanley is an underwriter relating to Eligible ARS in another forum.

e. Institutional Investors

i. Morgan Stanley shall endeavor to work with issuers and other interested parties, including regulatory and governmental entities, to expeditiously provide liquidity solutions for institutional investors that purchased ARS not covered by the Retail ARS Investor repurchase provisions delineated above.

ii. Beginning December 11, 2008, and within 45 days of the end of each quarter thereafter, Morgan Stanley shall submit a written report to a representative specified by the North American Securities Administrators Association ("NASAA") outlining the efforts in which Morgan Stanley has engaged and the results of those efforts with respect to Morgan Stanley's institutional investors' holdings in Eligible ARS. Morgan Stanley shall, at the option of the representative specified by NASAA, confer with such representative no less frequently than quarterly to discuss Morgan Stanley's progress. Such quarterly meetings shall continue until no later than December 2009. Following every quarterly meeting, the representative shall advise Morgan Stanley of any concerns and, in response, Morgan Stanley shall detail the steps that it plans to implement to address such concerns. The reporting or meeting deadlines set forth above may be amended upon Morgan Stanley's request if written permission is received from the representative specified by NASAA.

f. Relief for Municipal Issuers

Morgan Stanley shall promptly refund to municipal issuers refinancing fees the issuers paid to it for the refinancing of their ARS, where such refinancing occurred between February 11, 2008, and the date of this Order and where Morgan Stanley acted as underwriter for the primary offering of the ARS between August 1, 2007, and February 11, 2008.

h. In Consideration of the Settlement

The Commission will:

i. Terminate the investigation of Morgan Stanley's marketing and sale of ARS to Eligible Investors as defined herein; and

ii. Not seek additional monetary penalties from Morgan Stanley in connection with all underlying conduct relating to its marketing and sale of ARS to investors.

(7) If Morgan Stanley defaults on any obligation under this Order, the Commission may, at its sole discretion, pursue legal remedies to enforce the Order or pursue an administrative action, including but not limited to, an action to revoke Morgan Stanley's registration within the state. If in any proceeding, after notice and opportunity for a hearing, a court of competent jurisdiction, including an administrative proceeding by a state securities administrator, finds that there was a material breach of this Order, the Commission, at its sole discretion, may terminate the Order.

(8) This Order, as entered into by the Commission, shall not disqualify Morgan Stanley or any of its affiliates or current or former employees from any business that they otherwise are qualified or licensed to perform under applicable state law, and this Order is not intended to form the basis for any such disqualification. This Order also is not intended to subject Morgan Stanley or any of its affiliates to any disqualification from relying upon the registration exemptions or registration safe harbors contained in the federal securities laws, the rules and regulations thereunder, the rules and regulations of self regulatory organizations, or various states' or U.S. Territories' securities laws. In addition, this Order is not intended to form the basis of a statutory disqualification under Section 3(a)(39) of the Securities Exchange Act of 1934.

(9) For any person or entity not a party to this Order, this Order does not limit or create any private rights or remedies against Morgan Stanley including, without limitation, the use of any e-mails or other documents of Morgan Stanley or of others for ARS sales practices, limit or create liability of Morgan Stanley , or limit or create defenses of Morgan Stanley to any claims.

(10) Nothing herein shall preclude the Commonwealth of Virginia, its departments, agencies, boards, commissions, authorities, political subdivisions and corporations (collectively, "State Entities"), other than the Commission and only to the extent set forth in paragraph (1) above, and the officers, agents or employees of State Entities from asserting any claims, causes of action, or applications for compensatory, nominal and/or punitive damages, administrative, civil, criminal, or injunctive relief against Morgan Stanley in connection with certain ARS sales practices by Morgan Stanley.

(11) This Order and any dispute related thereto shall be construed and enforced in accordance with, and governed by, the laws of the Commonwealth of Virginia without regard to any choice of law principles.

(12) Morgan Stanley, through its execution of this Order, voluntarily waives its right to a hearing on this matter and to judicial review of this Order under § 13.1-521 A of the Act and § 12.1-39 of the Code of Virginia.

(13) Morgan Stanley enters into this Order voluntarily and represents that no threats, offers, promises, or inducements of any kind have been made by the Commission or any member, officer, employee, agent, or representative of the Commission to induce Morgan Stanley to enter into this Order.

(14) This Order shall be binding upon Morgan Stanley and each of its successors and assigns with respect to all conduct subject to the provisions above and all future obligations, responsibilities, undertakings, commitments, limitations, restrictions, events, and conditions.

CASE NO. SEC-2009-00124
APRIL 9, 2010

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
SEDONA OIL & GAS CORPORATION
and
KENNETH W. CRUMBLEY,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that: (i) Defendant Sedona Oil & Gas Corporation violated § 13.1-504 A (i) of the Virginia Securities Act ("Act"), § 13.1-501 et seq. of the Code of Virginia, by transacting business in the Commonwealth of Virginia without being duly registered with the Division as a broker-dealer; and (ii) Sedona Oil & Gas Corporation and Kenneth W. Crumbley (collectively, "Defendants") violated § 13.1-507 of the Act by offering or selling securities that were not registered under the Act or exempt from registration.

The State Corporation Commission ("Commission") is authorized by § 13.1-506 of the Act to revoke the Defendants' registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose certain monetary penalties, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

The Defendants neither admit nor deny these allegations but admit to the Commission's jurisdiction and authority to enter this Settlement Order.

As a proposal to settle all matters arising from these allegations, the Defendants have made an offer of settlement to the Commission wherein the Defendants will abide by and comply with the following terms and undertakings:

(1) The Defendants will pay to the Treasurer of the Commonwealth of Virginia, within ninety (90) days of the date of entry of this Order, the amount of Five Thousand Dollars ($5,000) in monetary penalties.

(2) The Defendants will pay to the Treasurer of the Commonwealth 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 Defendants will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendants.

The Commission, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Division, is of the opinion that the Defendants' offer should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendants in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) The Defendants fully comply with the aforesaid terms and undertakings of this settlement; and

(3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendants' failure to comply with the terms and undertakings of the settlement.

CASE NO. SEC-2009-00125
MAY 18, 2010

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
JPMORGAN CHASE & CO.,
Defendant

CONSENT ORDER

Certain affiliates of JPMorgan Chase & Co. are broker-dealers registered in the Commonwealth of Virginia.

An investigation into the activities of JPMorgan Chase & Co. and its subsidiaries and affiliates, including J.P. Morgan Securities Inc., Chase Investment Services Corporation, and Bear Stearns & Co. and affiliates, with the exception of WaMu Investments Inc., which JPMorgan acquired on September 25, 2008 (collectively, "JPMorgan") in connection with certain of its marketing and sale of auction rate securities practices during the period of approximately January 2006 through the present has been conducted under the auspices of a multi-state task force.

JPMorgan has cooperated with regulators conducting the investigation by responding to inquiries, providing documentary evidence and other materials, and providing regulators with access to facts relating to the investigation.

JPMorgan has advised regulators that it desires to settle and resolve the investigations without admitting or denying the allegations set forth below.

JPMorgan agrees to take certain actions described herein and to make certain payments.

JPMorgan elects to permanently waive any right to a hearing and appeal under § 13.1-521 A of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, and § 12.1-39 of the Code of Virginia with respect to this Consent Order ("Order").

NOW, THEREFORE, the State Corporation Commission ("Commission") hereby enters this Order.

I.

FINDINGS OF FACT

1. JPMorgan admits the jurisdiction of the Commission, neither admits nor denies the Findings of Fact and Conclusions of Law contained in this Order, and consents to the entry of this Order by the Commission.

2. Auction rate securities are financial instruments that include auction preferred shares of closed-end funds, municipal auction rate bonds, and student loan-backed auction rate bonds (collectively referred to herein as "ARS"). While ARS are all long-term instruments, one significant feature of ARS (which historically provided the potential for short-term liquidity) is the interest/dividend reset through periodic auctions. If an auction is successful (*i.e.*, there are enough buyers for every ARS being offered for sale at the auction), investors are able to sell their ARS on a short-term basis. If, however, auctions "fail" (*i.e.*, there are not enough buyers for every ARS being offered for sale), investors may be required to hold all or some of their ARS until the next successful auction in order to liquidate their funds.

Marketing and Sales of ARS to Investors

3. Although JPMorgan was aware of increasing strains in areas of the ARS market during the approximate six (6) months prior to the mass failure, JPMorgan failed to ensure that all of its registered representatives made appropriate disclosures to customers regarding the nature and risks of ARS. Certain JPMorgan employees stated that ARS were liquid, safe, short-term investments and did not highlight the risk that, in the event of a failed auction, the securities might become illiquid.

4. JPMorgan used the proprietary name, M-Stars, or Municipal Short Term Auction Rate Securities (collectively, "MSTARS"), in marketing ARS. This could have led certain investors to conclude that ARS were short-term instruments. In fact, ARS were not simply "short-term" instruments. For example, certain student loan MSTARS had maturities in the year 2039 and full liquidity was only available at an auction if the auction was successful.

5. Starting in the Fall of 2007, demand for certain ARS continued to erode and JPMorgan's ARS inventory grew significantly. JPMorgan did not discuss the increasing risks of owning or purchasing ARS with all of its customers.

6. In February 2008, JPMorgan stopped uniformly supporting auctions for which it acted as the sole or lead broker. Without the benefit of support bids from broker-dealers, the ARS market collapsed, leaving certain investors who had believed that these securities were liquid, safe, short-term investments appropriate for managing short-term cash needs, holding long-term securities that could not be sold at par value.

7. JPMorgan violated Rules 21 VAC 5-20-280 A3 and E12 of the Commission's Rules of Practice and Procedure ("Rules") by engaging in prohibited business practices of a broker-dealer.

Failure to Supervise Agents who Sold ARS

8. JPMorgan did not provide all of its sales or marketing staff with the training and information necessary to adequately explain these products or the mechanics of the auction process to their customers.

9. Not all of JPMorgan's registered agents were adequately educated in the ARS products they were selling.

10. JPMorgan violated Rules 21 VAC 5-20-260 A and B by failing to reasonably exercise diligent supervision over the securities activities of all its agents and employees by, among other things:

a. failing to provide adequate training to all of its registered agents regarding ARS by, among other things:

i. failing to provide to all of its registered agents timely and comprehensive sales and marketing literature regarding ARS and the mechanics of the auction process;

ii. failing to provide to all of its registered agents all pertinent information concerning the ARS product;

iii. failing to provide to all of its registered agents all pertinent information regarding the state of the market prior to the mass auction failures in mid-February 2008; and

b. failing to review ARS transactions in accounts of certain customers who needed liquidity; and

c. failing to ensure that all its registered agents were providing adequate information regarding ARS to its customers.

II.

CONCLUSIONS OF LAW

1. The Commission has jurisdiction over this matter pursuant to the Act.

2. As described in the Findings of Fact above, JPMorgan failed to exercise diligent supervision over the securities activities of all its agents and employees and engaged in other practices in violation of Rules 21 VAC 5-20-260 A and B, and Rules 21 VAC 5-20-280 A3 and E12.

3. As a result, the Commission finds this Order and the following relief appropriate, in the public interest, and consistent with the purposes intended by the Act.

III.

ORDER

On the basis of the Findings of Fact, Conclusions of Law, and JPMorgan's consent to the entry of this Order,

IT IS HEREBY ORDERED THAT:

1. Entry of this Order concludes the investigation by the Division of Securities and Retail Franchising ("Division") and any other action that the Commission could commence under applicable Virginia law on behalf of the Commission as it relates to JPMorgan, relating to certain sales and marketing practices of ARS by JPMorgan, provided, however, that excluded from and not covered by this paragraph are any claims by the Commission arising from or relating to violations of the provisions contained in this Order.

2. This Order is entered into solely for the purpose of resolving the referenced multi-state investigation and is not intended to be used for any other purpose.

3. JPMorgan will refrain from violating the Act in the future and will comply with the Act and the Commission's Rules in the future.

4. Within ten (10) days of the date of this Consent Order, JPMorgan shall pay the sum of Two Hundred Nine Thousand Two Hundred Twenty-seven Dollars ($209,227) to the Treasurer of the Commonwealth of Virginia. This amount constitutes the Commonwealth of Virginia's proportionate share of the state settlement amount of Twenty-five Million Dollars ($25,000,000).

5. In the event another state securities regulator determines not to accept the recommendation of the NASAA Task Force and does not enter into a settlement with JPMorgan that follows the terms of the Settlement Term Sheet signed by JPMorgan, the North American Securities Administrators' Association, and the State of Florida's Office of Financial Regulation, on August 14, 2008, the total amount of the Commission's payment shall not be affected and shall remain at Two Hundred Nine Thousand Two Hundred Twenty-seven Dollars ($209,227).

6. JPMorgan shall comply (and, to the extent the Settlement Term sheet described herein required action to be taken prior to the date of this Consent Order, has already complied) with the requirements of the Settlement Term Sheet executed on August 14, 2008, which provides:

a. Individual Investors

JPMorgan offered to buy back at par ARS that since February 12, 2008, have not been auctioning from individual investors who purchased those ARS from JPMorgan prior to February 12, 2008 ("Individual Investors"). For purposes of the settlement, charities and small to medium-sized businesses with account values and household values of up to Ten Million Dollars ($10,000,000) will also be treated as JPMorgan Individual Investors. The term "Individual Investors" does not include senior management of JPMorgan and its predecessors and JPMorgan financial advisors/registered representatives.

The buybacks were completed no later than November 12, 2008, as extended.

JPMorgan will provide notice to customers of the settlement terms and JPMorgan will establish a dedicated telephone assistance line, with appropriate staff, to respond to questions from customers concerning the terms of the settlement.

b. Relief for Investors Who Sold Below Par

No later than November 12, 2008, any JPMorgan Individual Investor who JPMorgan could reasonably identify who sold ARS below par between February 12, 2008, and announcement of the settlement was paid the difference between par and the price at which the investor sold the ARS.

c. Consequential Damages Claims

No later than November 12, 2008, JPMorgan shall have notified those JPMorgan clients who own ARS, pursuant to the terms of the settlement, that a public arbitrator (as defined by Section 12100(u) of the NASD Code of Arbitration Procedures for Customer Disputes, effective April 16, 2007), under the auspices of FINRA, will be available for the exclusive purpose of arbitrating any JPMorgan Individual Investor's consequential damages claim.

Arbitration shall be conducted by public arbitrators, and JPMorgan will pay all applicable forum and filing fees. Any JPMorgan Individual Investors who choose to pursue such claims shall bear the burden of proving that they suffered consequential damages and that such damages were caused by investors' inability to access funds consisting of investors' ARS holdings at JPMorgan. JPMorgan shall be able to defend itself against such claims, provided, however, that JPMorgan shall not contest in these arbitrations liability related to the sale of ARS. Special or punitive damages shall not be available in the arbitration proceedings.

d. Institutional Investors

JPMorgan shall endeavor to continue to work with issuers and other interested parties, including regulatory and governmental entities, to expeditiously provide liquidity solutions for institutional investors not covered by paragraph 6.a. above, that continue to hold ARS purchased from JPMorgan ("Institutional Investors").

Within forty five (45) days of the end of each quarter beginning with a report covering the quarter ended December 31, 2008 (due on February 14, 2009), and continuing through and including a report covering the quarter ended December 31, 2009 (due on February 14, 2010), JPMorgan shall submit a quarterly written report detailing JPMorgan's progress with respect to its obligations pursuant to this Order and outlining the efforts in which JPMorgan has engaged and the results of those efforts with respect to JPMorgan's Institutional Investors' holdings in ARS. JPMorgan shall confer with William F. Reilly, Bureau Chief, Bureau of Securities Regulation of the State of Florida's Office of Financial Regulation, as the lead NASAA member on behalf of all the states, on a quarterly basis to discuss JPMorgan's progress to date. Such quarterly reports and conferences/meetings shall continue until the first quarter of 2010. Following every quarterly meeting, the State of Florida's Office of Financial Regulation shall advise JPMorgan of any concerns regarding JPMorgan's progress in providing liquidity solutions for Institutional Investors and, in response, JPMorgan shall detail the steps that JPMorgan plans to implement to address such concerns. The reporting or meeting deadlines set forth above may be amended with written permission from the State of Florida's Office of Financial Regulation.

e. Relief for Municipal Issuers

JPMorgan shall refund underwriting fees JPMorgan has received from municipal auction rate issuers that issued such securities through JPMorgan in the initial primary market between August 1, 2007, and February 12, 2008, and refinanced those securities through JPMorgan after February 12, 2008, through the date this Consent Order is executed by JPMorgan.

In consideration of the settlement,

The Commission will:

i. Terminate its investigation with respect to JPMorgan's marketing and sale of ARS to Individual Investors, defined in paragraph 6.a. above. However, nothing herein limits the ability of the Commission in pursuing any investigation relating to any party other than JPMorgan.

ii. Accept payment of Two Hundred Nine Thousand Two Hundred Twenty-seven Dollars ($209,227) as its portion of the above-mentioned Twenty-five Million Dollar ($25,000,000) penalty, to address all underlying conduct relating to the marketing and sale of ARS. The Commission will not seek additional monetary penalties from JPMorgan relating to such conduct.

7. If payment is not made by JPMorgan or if JPMorgan materially defaults in any of its obligations set forth in this Order and fails to cure such a default reasonably after ten (10) days notice from the Commission, notwithstanding any other provision of Virginia law, the Commission may vacate this Order at its sole discretion and without opportunity for administrative hearing.

8. This Order is not intended to indicate that JPMorgan or any of its affiliates or current or former employees shall be subject to any disqualifications contained in the federal securities laws, the rules and regulations thereunder, the rules and regulations of self-regulatory organizations, or various states' securities laws including any disqualifications from relying upon the registration exemptions or safe harbor provisions. In addition, this Order is not intended to form the basis for any such disqualifications.

9. Nothing herein shall preclude the Commonwealth of Virginia, its departments, agencies, boards, commissions, authorities, political subdivisions, and corporations (collectively, "State Entities"), other than the Commission and only to the extent set forth in paragraph 1 above, and the officers, agents, or employees of State Entities from asserting any claims, causes of action, or applications for compensatory, nominal and/or punitive damages, administrative, civil, criminal, or injunctive relief against JPMorgan in connection with certain marketing and sales practices of ARS at JPMorgan.

10. Except in an action by the Commission to enforce the obligations of JPMorgan in this Order, this Order may neither be deemed nor used as an admission of or evidence of any alleged fault, omission, or liability of JPMorgan in any civil, criminal, arbitration, or administrative proceeding in any court, administrative agency, or tribunal. For any person or entity not a party to this Order, this Order does not limit or create any private rights or remedies against JPMorgan including, without limitation with respect to the use of any e-mails or other documents of JPMorgan or of others concerning the marketing and/or sales of ARS, limit or create liability of JPMorgan, or limit or create defenses of JPMorgan to any claims.

11. This Order shall not disqualify JPMorgan or any of its affiliates or current or former employees from any business that they otherwise are qualified or licensed to perform under applicable state law and is not intended to form the basis for any disqualification.

12. Any dispute related to this Order shall be construed and enforced in accordance with, and governed by, the laws of the Commonwealth of Virginia without regard to any choice of law principles.

13. Defendant, JPMorgan, through its execution of the Consent to this Order, voluntarily waives its right to a hearing on this matter and to judicial review of the Order under § 13.1-521 A of the Act and § 12.1-39 of the Code of Virginia.

14. Defendant, JPMorgan, enters into this Order voluntarily and represents that no threats, offers, promises, or inducements of any kind have been made by the Commission or any member, officer, employee, agent, or representative of the Commission to induce JPMorgan to enter into this Order other than as set forth in this Order.

15. This Order shall be binding upon JPMorgan and its successors and assigns as well as to successors and assigns of relevant affiliates with respect to all conduct subject to the provisions above and all future obligations, responsibilities, undertakings, commitments, limitations, restrictions, events, and conditions.

CASE NO. SEC-2009-00135
APRIL 6, 2010

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
THE SENIOR'S CHOICE, INC.
and
STEVEN EVERHART,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that The Senior's Choice, Inc. and Steven Everhart ("Defendants"): (i) violated § 13.1-560 of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq*. of the Code of Virginia, by selling or offering to sell franchises in the Commonwealth of Virginia prior to registering under the provisions of the Act; and (ii) violated § 13.1-563 (e) (ii) by failing to, directly or indirectly, provide franchisees with such disclosure documents as may be required by rule or order of the State Corporation Commission ("Commission").

The Commission is authorized by § 13.1-562 of the Act to revoke the Defendants' registration, by § 13.1-568 of the Act to issue temporary or permanent injunctions, by § 13.1-570 of the Act to impose certain monetary penalties, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

The Defendants neither admit nor deny these allegations but admit to the Commission's jurisdiction and authority to enter this Settlement Order.

As a proposal to settle all matters arising from these allegations, the Defendants have made an offer of settlement to the Commission wherein the Defendants will abide by and comply with the following terms and undertakings:

(1) The Defendants will pay to the Treasurer of the Commonwealth of Virginia, contemporaneously with the entry of this order, the amount of Fourteen Thousand Dollars ($14,000) in monetary penalties.

(2) The Defendants will pay to the Treasurer of the Commonwealth of Virginia, contemporaneously with the entry of this order, the amount of Three Thousand Five Hundred Dollars ($3,500) to defray the cost of investigation.

(3) The Defendants will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendants.

The Commission, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Division, is of the opinion that the Defendants' offer should be accepted.

Accordingly, IT IS ORDERED THAT:

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

(2) The Defendants fully comply with the aforesaid terms and undertakings of this settlement; and

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

Dismissal of this case does not relieve the Defendants from their reporting obligations to any regulatory authority.

CASE NO. SEC-2010-00006
JULY 13, 2010

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CELLAIRIS FRANCHISE, INC.
and
KOSTANTINOS R. SKOURAS,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that Cellairis Franchise, Inc. and Konstantinos R. Skouras ("Defendants"): (i) violated § 13.1-563 (b) of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq*. of the Code of Virginia, by making untrue statements of a material fact or omitting to state a material fact necessary in order to avoid misleading the offeree in connection with the sale or offer to sell a franchise; and (ii) violated § 13.1-563 (e) (ii) by failing to, directly or indirectly, provide franchisees with such disclosure documents as may be required by rule or order of the State Corporation Commission ("Commission").[1]

The Commission is authorized by § 13.1-562 of the Act to revoke the Defendants' registration, by § 13.1-568 of the Act to issue temporary or permanent injunctions, by § 13.1-570 of the Act to impose certain monetary penalties and to request the Defendants make rescission and restitution, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

The Defendants neither admit nor deny these allegations but admit to the Commission's jurisdiction and authority to enter this Settlement Order.

As a proposal to settle all matters arising from these allegations, the Defendants have made an offer of settlement to the Commission wherein the Defendants will abide by and comply with the following terms and undertakings:

(1) The Defendants will pay to the Treasurer of the Commonwealth of Virginia, contemporaneously with the entry of this Order, the amount of Fifteen Thousand Dollars ($15,000) in monetary penalties.

(2) The Defendants will pay to the Treasurer of the Commonwealth of Virginia, contemporaneously with the 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 every current and former franchisee who operated a location in the Commonwealth of Virginia.

(4) The Defendants will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendants.

The Commission, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Division, is of the opinion that the Defendants' offer should be accepted.

Accordingly, IT IS ORDERED THAT:

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

(2) The Defendants fully comply with the aforesaid terms and undertakings of this settlement; and

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

Dismissal of this case does not relieve the Defendants from their reporting obligations to any regulatory authority.

[1] Effective July 1, 2009, § 13.1-563 of the Code of Virginia was amended by the General Assembly. The amendment had no bearing on the Division's allegations and the facts of this case.

CASE NO. SEC-2010-00020
MAY 6, 2010

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

SETTLEMENT ORDER

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that Life Partners, Inc., ("LPI") violated § 13.1-507 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia when LPI failed to register its securities with the State Corporation Commission's ("Commission") Division.

The Commission is authorized by § 13.1-506 of the Act to revoke the Defendant's registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose certain monetary penalties, by § 13.1-521 C of the Act to order the Defendant to make rescission and restitution, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

LPI neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Settlement Order.

As a proposal to settle all matters arising from these allegations, LPI has made an offer of settlement to the Commission wherein LPI will abide by and comply with the following terms and undertakings:

(1) LPI will pay to the Treasurer of Virginia the amount of One Hundred Fifty Thousand Dollars ($150,000) pursuant to § 12.1-15 of the Code of Virginia.

(2) LPI will pay to the Commission the amount of Twenty Thousand Dollars ($20,000) to defray the cost of investigation pursuant to § 13.1-518 of the Act.

(3) LPI will make an offer of rescission to certain Virginia investors prior to the entry of this Settlement Order.

(4) LPI agrees to provide disclosure attached as Exhibit A to prospective viatical and life settlement purchasers in the Commonwealth of Virginia. Exhibit A will be updated at least annually, no later than January 15 of each year. As long as LPI continues to offer and sell viatical and life settlement investments to Virginia investors who meet the then current definition of accredited investor and maintains its exemption filings in good order, LPI's transactions are exempt from the registration requirements of § 13.1-507 of the Act and the registration requirements under § 13.1-504 A and B of the Act.

(5) LPI will comply with the Act and with the regulations adopted by the Commission.

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

(7) Dismissal of this case does not relieve LPI from its reporting obligations to any regulatory authority.

Accordingly, IT IS ORDERED THAT:

(1) The offer of LPI in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) LPI fully comply with the aforesaid terms and undertakings of this settlement; and

(3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of LPI's failure to comply with the terms and undertakings of the settlement.

CASE NO. SEC-2010-00021
JUNE 1, 2010

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

Ex Parte: In the matter of Adopting a Revision to the Rules Governing the Virginia Retail Franchising Act

ORDER ADOPTING AMENDED RULES

By Order entered on March 23, 2010, all interested persons were ordered to take notice that the State Corporation Commission ("Commission") would consider the adoption of a revision to Chapter 110 of Title 21 of the Virginia Administrative Code ("Regulations") entitled "Retail Franchising Act Rules." On March 31, 2010, the Division of Securities and Retail Franchising ("Division") mailed the Order to Take Notice of the proposed Regulations to all franchise registrants and applicants as of March 24, 2010 and to all interested parties pursuant to the Retail Franchising Act, § 13.1-557 *et seq*. of the Code of Virginia. The Order to Take Notice described the proposed amendments and afforded interested parties an opportunity to file written comments or requests for hearing by April 30, 2010.

No comments were filed, nor were any requests for hearing made in this matter.

The Commission, upon consideration of the proposed amendments to the Regulations, the recommendation of the Division, and the record in this case, finds that the proposed amendments to the Regulations should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The proposed Regulations are attached hereto, made a part hereof, and are hereby ADOPTED effective July 1, 2010.

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

NOTE: A copy of Attachment A entitled "Retail Franchising Act 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. SEC-2010-00022
JUNE 15, 2010

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

Ex Parte: In the matter of Adopting a Revision to the Rules Governing the Virginia Securities Act

ORDER ADOPTING AMENDED RULES

By order entered on March 23, 2010, all interested persons were ordered to take notice that the State Corporation Commission ("Commission") would consider the adoption of a revision to Chapters 10, 20, 40 and 80 of Title 21 of the Virginia Administrative Code ("Regulations") entitled "Rules and Forms Governing Virginia Securities Act." On March 31, 2010, the Division of Securities and Retail Franchising ("Division") mailed the Order to Take Notice of the proposed Regulations to all registrants and applicants engaged in the business of securities within the Commonwealth of Virginia as of March 24, 2010, and to all interested parties pursuant to the Virginia Securities Act, § 13.1-501 *et seq*. of the Code of Virginia. The Order to Take Notice described the proposed amendments and afforded interested parties an opportunity to file comments and request a hearing by April 30, 2010 with the Clerk of the Commission.

The Commission received timely filed comments from the investment advisory firm of Huff, Stuart & Carlton ("HSC") concerning the Division's proposed amendments to Rule 21 VAC 5-80-145 A 1 a (1). The HSC comments expressed concern over the language in the Division's proposal to include possession of the user ID and password of a client's retirement or securities accounts within the definition of "custody" under the Rule. Specifically, the comments expressed concern that this Rule would subject stringent and costly custody requirements on every state registered investment advisor if they were found to have custody by merely possessing a client's user ID and password for a retirement or securities account.

As a result of HSC's comments, the Division recommended abandoning the previously suggested amendment to Rule 21 VAC 5-80-145 A 1 a (1) and recommended the following modification instead:

> A. For purposes of this section, the following definitions shall apply:
> 1. Custody means holding directly or indirectly, client funds or securities, or having any authority to obtain possession of them **(which may include possession of a user ID and password)**.

The Virginia Bankers Association ("VBA") and Wells Fargo & Company ("Wells") both filed timely comments with the Commission expressing concern over the Division's proposed amendments to Rule 21 VAC 5-20-280 A 27 and B 6, and also Rule 21 VAC 5-80-200 A 14 and B 14, which would preclude broker-dealers and investment advisors from disclosing private client information to any third party without affirmative written consent. Both VBA and Wells commented that the Division's suggested changes would prohibit necessary disclosures to third-party account administrators and those entities affiliated with broker-dealers. They expressed concern that such disclosure was authorized under the provisions of the Gramm-Leach-Bliley Act and was also in conflict with its provisions and those of other federal laws governing federally registered advisors.

Based on these comments and other similar comments submitted to the Division, the Division recommended withdrawing the current proposed amendments to Rule 21 VAC 5-20-280 A 27 and B 6 as well as the amendments proposed in Rule 21 VAC 5-80-200 A 14 and B 14 so the Division could further study the issues surrounding the disclosure of non-public personal information by broker-dealers and investment advisors to third-parties.

NOW THE COMMISSION, upon consideration of the proposed amendments to the Regulations, as modified, the recommendations of the Division, and the record in this case, finds that the proposed amendments to the Regulations, as modified, should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The proposed Regulations, as modified, are attached hereto, made a part hereof, and are hereby ADOPTED effective July 1, 2010.

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

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

CASE NO. SEC-2010-00023
SEPTEMBER 3, 2010

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
WELLS FARGO INVESTMENTS, LLC,

CONSENT ORDER

Wells Fargo Investments, LLC ("WFI") is a broker-dealer registered in the Commonwealth of Virginia; and

WFI's activities regarding the marketing of auction rate securities ("ARS") have been the subject of coordinated investigations conducted by a multistate task force; and

WFI has cooperated fully with regulators conducting the investigations by providing documentary evidence and other materials and by providing regulators with access to information relevant to their investigations; and

On November 18, 2009, WFI and the multistate task force reached an agreement to resolve the investigations relating to WFI's marketing of ARS to certain customers; and

WFI agrees, among other things, to purchase certain ARS from customers and to make certain payments; and

WFI elects to waive permanently any right to a hearing and appeal under § 12.1-39 of the Code of Virginia, with respect to this Consent Order (the "Order"); and

WFI admits the jurisdiction of the State Corporation Commission ("Commission") and consents to the entry of this Order by the Commission; and

Wells Fargo Securities, LLC ("WFS"), as successor to Wells Fargo Brokerage Services, LLC ("WFBS"), and Wells Fargo Institutional Securities, LLC ("WFIS") have voluntarily agreed to purchase ARS from certain customers, as described in Section IV below, and to use best efforts to provide liquidity solutions for certain other customers; and

WFI neither admits nor denies the Findings of Fact and Conclusions of Law contained in this Order.

NOW, THEREFORE, the Commission, pursuant to § 13.1-521 A of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, hereby enters this Order:

I. FINDINGS OF FACT

Background

(1) Auction Rate Securities ("ARS") are long-term bonds issued by municipalities, corporations, and student loan companies, or perpetual equity instruments issued by closed-end mutual funds, with variable interest rates that reset through a bidding process known as a Dutch auction.

(2) In a successful Dutch auction, ARS are auctioned at par and bids with successively higher rates are accepted by the auction agent for the issuer until all of the available securities are sold. All ARS are then purchased or sold at the lowest interest rate bid that will result in all ARS placed up for auction being sold. If there are not enough buy orders to purchase all the securities being sold at auction, a failed auction occurs. In the event of an auction failure, the issuer of the ARS pays a default interest rate until the next successful auction. Broker-dealers that served as dealers for the auctions sometimes placed "support bids" on their own behalf in order to prevent auction failures.

(3) Beginning on or about February 13, 2008, there were not enough purchasers for ARS at many auctions. The broker-dealers that had previously supported the auctions for these securities ceased their practice of bidding to prevent auction failures. As a result, the ARS market experienced widespread failed auctions. ARS purchasers who wished to sell their ARS were forced to continue holding their positions.

Marketing of ARS by WFI

(4) WFI marketed ARS to some of its customers, including individual customers, small businesses, and non-profit organizations. Since at least 2001, WFI offered Auction Rate Preferred Shares ("ARPS") through its fixed-income desk. In addition, beginning in 2006, WFI facilitated Auction Rate Debt Securities ("ARDS") trades for select customers. WFI did not underwrite ARS and did not serve as an auction manager or auction agent.

(5) On February 14, 2008, WFI customers nationwide were holding approximately $2.95 billion in ARS in 5,692 accounts.

(6) WFI participated in sales of ARS to customers in the Commonwealth of Virginia.

(7) Because of the auction failures described above, certain WFI customers who were holding ARS on February 14, 2008, have been unable to sell their ARS at auction.

(8) In connection with the marketing of ARS, WFI failed to adopt policies and procedures reasonably designed to ensure that its registered agents recommended ARS only to customers who had stated investment objectives that were consistent with their purchase of ARS. Some WFI registered agents recommended ARS to customers as a liquid, short-term investment. As a result, some WFI customers, who needed short-term access to funds, invested in ARS, even though ARS had long-term maturity dates, or in the case of ARPS, no maturity dates.

Failure to Supervise Agents Who Marketed ARS

(9) WFI failed to provide adequate supervision and training to its registered agents in connection with the marketing of ARS. Some of WFI's registered agents were not adequately educated about ARS products. WFI failed to provide timely and comprehensive sales and marketing literature regarding ARS and the mechanics of the auction process.

(10) Some WFI registered agents believed that the ARS were safe and were not aware that auctions could fail and that money invested in ARS could become frozen. In part, this was because some WFI registered agents were not aware of significant aspects of the auction rate market.

(11) WFI did not establish specific written supervisory procedures for the review of ARS transactions, nor did WFI train supervisory personnel on how to review ARS transactions.

II. CONCLUSIONS OF LAW

The Commission has jurisdiction over this matter pursuant to the Act.

For the reasons alleged in the Findings of Fact above, WFI failed to reasonably supervise its registered agents in connection with the marketing of ARS to its customers. Such conduct in relation to ARS violates Commission Rule 21 VAC 5-20-260 A and B.

The Commission finds the following relief appropriate and in the public interest.

III. ORDER

On the basis of the Findings of Fact, Conclusions of Law, and WFI's consent to the entry of this Order, for the sole purpose of settling this matter prior to a hearing and without admitting or denying the Findings of Fact or Conclusions of Law,

IT IS HEREBY ORDERED THAT:

(1) This Order concludes the investigation by the Commission's Division of Securities and Retail Franchising ("Division") and any other action that the Division could commence under the applicable Act on behalf of the Commonwealth of Virginia as it relates to WFI's marketing of ARS to customers.

(2) This Order is entered into solely for the purpose of resolving the abovereferenced multistate investigation and is not intended to be used for any other purpose.

(3) WFI will not violate the Act and will comply with the Act in the future.

(4) Within ten (10) days from the entry of this Order, WFI shall pay the sum of Five Thousand Six Hundred Sixty-three Dollars and Thirty-two Cents ($5,663.32) to the Treasurer of Virginia as civil penalty pursuant to § 13.1-521 A of the Act, which amount constitutes the Commonwealth of Virginia's proportionate share of the multistate settlement amount of $1,900,000.

(5) The total amount paid to the Commonwealth of Virginia pursuant to the foregoing paragraph shall remain the same regardless of whether another state securities regulator determines not to accept WFI's state settlement offer.

(6) WFI shall take certain measures with respect to current and former customers that purchased "Eligible ARS," as defined and described in Paragraphs 9 through 14 of Section III, below.

(7) Eligible ARS. For purposes of this Order as it relates to WFI, "Eligible ARS" shall mean ARS that were purchased for customers by WFI on or before February 13, 2008, and that have failed at auction at least once since February 13, 2008. Notwithstanding the foregoing definition, Eligible ARS shall not include ARS that were purchased for customers by WFI or entities acquired by Wells Fargo's parent companies in accounts owned, managed or advised by or through independent registered investment advisers.

(8) Eligible Investor. For the purposes of this Order as it relates to WFI, "Eligible Investor" shall mean:

(a) Natural persons (including their IRA accounts, testamentary trust and estate accounts, custodian UGMA and UTMA accounts, and guardianship accounts) who purchased Eligible ARS;

(b) Charities, endowments, or foundations with Internal Revenue Code Section 501(c)(3) status, or religious corporations or entities, that purchased Eligible ARS; and

(c) Trusts, corporate trusts, corporations, employee pension plans/ERISA and Taft Hartley Act plans, educational institutions, incorporated not for profit organizations, limited liability companies, limited partnerships, nonpublic companies, partnerships, personal holding companies, unincorporated associations, government or quasi governmententities, which are the beneficial owners of an account that purchased Eligible ARS.

(d) "Eligible Investors," for the purposes of this Order as it relates to WFI, shall not include brokers, dealers or banks acting as conduits for their customers. This provision shall not affect the rights of any beneficial owner of an account that otherwise would qualify as an Eligible Investor, as set forth in Section III, Paragraph 8, subparts a, b, or c, above.

(e) "Eligible Investors," for the purposes of this Order as it relates to WFI, shall not include any WFI customer who has entered into a settlement agreement with WFI prior to November 18, 2009, or who has received a final arbitration award against WFI prior to November 18, 2009, with respect to their Eligible ARS holdings at WFI.

(9) Purchase Offer. WFI shall offer to purchase, at par plus accrued and unpaid dividends/interest, from Eligible Investors their Eligible ARS that have failed at auction at least once since February 13, 2008 (the "Purchase Offer"). WFI shall make the Purchase Offer and purchase the Eligible ARS either as riskless principal or agent for one or more affiliated companies, and not for its own account.

(10) Notification and Buyback Procedures.

(a) WFI identified and provided notice to Eligible Investors of the relevant terms of this Order no later than February 16, 2010. Said notice explained what Eligible Investors must do to accept, in whole or in part, the Purchase Offer, including how Eligible Investors may accept the Purchase Offer. WFI provided written notice of the relevant terms of this Order to any subsequently identified Eligible Investors.

(b) Initial Offer Period

(i) WFI shall keep the Purchase Offer open for sixty (60) days after mailing the notice required by Section III, Paragraph 10, above ("Initial Offer Period").

(ii) Eligible Investors may accept the Purchase Offer by notifying WFI as described in the Purchase Offer, at any time before midnight, Eastern Time, on or before the last day of the Initial Offer Period. For those Eligible Investors who accepted the Purchase Offer within the Initial Offer Period, WFI shall purchase their Eligible ARS no later than five (5) business days following the expiration of the Initial Offer Period (the "Initial Purchase Deadline").

(c) Second Offer Period

(i) WFI shall undertake its best efforts to identify and provide a second notice to all Eligible Investors who do not accept the Purchase Offer within the Initial Offer Period. This second notice must satisfy the requirements discussed in Section III, Paragraph 10a, above, and be sent no later than thirty (30) days after the Initial Purchase Deadline.

(ii) WFI shall keep the Purchase Offer open for sixty (60) days after mailing the second notice required by Section III, Paragraph 10c.i, above ("Second Offer Period").

(iii) Eligible Investors may accept the Purchase Offer by notifying WFI as described in the Purchase Offer, at any time before midnight, Eastern Time, on or before the last day of the Second Offer Period. For those Eligible Investors who accept the Purchase Offer within the Second Offer Period, WFI shall purchase their Eligible ARS by no later than five (5) business days following the expiration of the Second Offer Period (the "Second Purchase Deadline").

(d) An Eligible Investor may revoke the Eligible Investor's acceptance of WFI's Purchase Offer at any time up until WFI purchases such Eligible Investor's Eligible ARS or provides notice of WFI's intent to purchase such Eligible ARS.

(e) WFI's obligation to those Eligible Investors who custodied their Eligible ARS away from WFI as of November 18, 2009 shall be contingent on: (1) WFI receiving reasonably satisfactory assurance from the financial institution currently holding the Eligible Investor's Eligible ARS that the bidding rights associated with such Eligible ARS will be transferred to WFI; and (2) transfer of the Eligible ARS back to WFI.

(f) WFI shall use its best efforts to identify, contact and assist any Eligible Investor who has transferred the Eligible ARS out of WFI's custody in returning such ARS to WFI's custody, and shall not charge such Eligible Investor any fees relating to or in connection with the return to WFI or custodianship by WFI of such Eligible ARS.

(11) Customer Assistance Line. WFI shall promptly establish a dedicated toll-free telephone assistance line and e-mail address to provide information and to respond to questions concerning the terms of this Order. WFI shall maintain the telephone assistance line and e-mail address through at least the Second Purchase Deadline.

(12) Relief for Eligible Investors Who Sold Below Par. No later than upon the completion of the buyback (as described in Section III, Paragraph 10 above), WFI shall undertake its best efforts to identify and provide notice to, using the notice to Eligible Investors referenced in Section III, Paragraph 10 above, Eligible Investors who sold Eligible ARS below par between February 13, 2008 and November 18, 2009 ("Below Par Seller") and, upon receipt of satisfactory evidence of the sale, pay them the difference between par and the price at which the Eligible Investor sold the Eligible ARS, plus interest thereon at the rate of seven-day LIBOR.

(13) Consequential Damages Arbitration Process.

(a) WFI shall consent to participate in a special arbitration process ("Arbitration") for the exclusive purpose of arbitrating any Eligible Investor's consequential damages claim arising from their inability to sell Eligible ARS. WFI shall notify Eligible Investors of the terms of the Arbitration process through the notice described in Section III, Paragraph 10 above.

(b) The Arbitration shall be conducted under the auspices of Financial Industry Regulatory Authority ("FINRA"), pursuant to the NASD Code of Arbitration Procedures for Customer Disputes, eff. April 16, 2007. WFI will pay all applicable forum and filing fees.

(c) Eligible Investors who choose to pursue such claims in the Arbitration shall bear the burden of proving that they suffered consequential damages and that such damages were caused by their inability to access funds invested in Eligible ARS. In the Arbitration, WFI shall be able to defend itself against such claims; provided, however, that WFI shall not contest liability for the illiquidity of the underlying ARS position, and

provided further that, unlike the FINRA's established special arbitration process, WFI shall be able to use as part of its defense an investor's decision not to borrow money from WFI or its affiliates.

(d) Eligible Investors who elect to use this special arbitration process provided for herein shall not be eligible for punitive damages, or for any other type of damages other than consequential damages.

(e) Eligible Investors that elect to utilize FINRA's special arbitration process, as set forth above, are limited to the remedies available in that process and may not bring or pursue a claim relating to Eligible ARS in another forum.

(14) Reimbursement of Negative Carry. In connection with the notices described in Section III, Paragraphs 10 and 12 above, WFI shall inform Eligible Investors that, if they paid more in interest on a loan through WFI or its affiliates secured by Eligible ARS than the customer received in interest or dividends from the Eligible ARS during the time the loan was outstanding ("Negative Carry"), then the Eligible Investor can provide WFI documentation evidencing the amount of Negative Carry, and upon receipt of such documentation, WFI will reimburse the Eligible Investor the amount of Negative Carry actually paid.

IV. ADDITIONAL CONSIDERATIONS

(1) WFS (as successor to WFBS) and WFIS have voluntarily agreed to purchase ARS from Eligible Investors as set forth in this Section IV, Paragraph 2 below.

(2) "Eligible Investors," for the purposes of this Order as it relates to WFS (as successor to WFBS) and WFIS, shall mean the following:

(a) Natural persons (including their IRA accounts, testamentary trust and estate accounts, custodian UGMA and UTMA accounts, and guardianship accounts) who purchased Eligible ARS;

(b) Charities, endowments, or foundations with Internal Revenue Code Section 501(c)(3) status, or religious corporations or entities that purchased Eligible ARS; and

(c) Trusts, corporate trusts, corporations, employee pension plan/ERISA and Taft Hartley Act plans, educational institutions, incorporated not for profit organizations, limited liability companies, limited partnerships, non-public companies, partnerships, personal holding companies, unincorporated associations, governments or quasi government-entities, which are the beneficial owners of an account that purchased Eligible ARS, unless the value of the account exceeded $10 million as of January 31, 2008 or the beneficial owner had disclosed to WFI, WFS (as successor to WFBS), WFBS or WFIS total investable assets in excess of $10 million;

(d) "Eligible Investors," for the purposes of this Order as it relates to WFS (as successor to WFBS) and WFIS, shall not include brokers, dealers, or banks acting as conduits for their customers. This provision shall not affect the rights of any beneficial owner of an account that otherwise would qualify as an Eligible Investor, as set forth in subparts a, b, or c of this Paragraph, above;

(e) "Eligible Investors," for the purposes of this Order as it relates to WFS (as successor to WFBS) and WFIS, shall not include any WFI, WFBS, or WFIS customers who have entered into a settlement agreement with WFI, WFBS (or WFS as its successor), or WFIS prior to November 18, 2009, or who has received a final arbitration award against WFI, WFBS (or WFS as its successor), or WFIS prior to November 18, 2009, with respect to their Eligible ARS holdings at WFI, WFBS (or WFS as its successor), or WFIS.

(f) "Eligible ARS," for purposes of this Order as it relates to WFS (as successor to WFBS) and WFIS, shall mean ARS that were purchased at WFBS or WFIS on or before February 13, 2008, and that have failed at auction at least once since February 13, 2008. Notwithstanding the foregoing definition, Eligible ARS shall not include ARS that were purchased at WFBS or WFIS or entities acquired by WFBS's or WFIS's parent companies in accounts owned, managed or advised by or through independent registered investment advisers.

(3) WFS (as successor to WFBS) and WFIS have agreed to use their best efforts to provide liquidity solutions to their customers who have investible assets above $10 million. WFS (as successor to WFBS) and WFIS shall endeavor to work with issuers and other interested parties, including regulatory and governmental entities, to expeditiously and on a best efforts basis provide liquidity solutions, such as facilitation of secondary market transactions and announced issuer redemptions of the Eligible ARS purchased through WFBS and WFIS. Though WFS (as successor to WFBS) and WFIS shall use their best efforts to offer opportunities to the institutional and other customers who are not Eligible Investors to liquidate Eligible ARS, WFS (as successor to WFBS) and WFIS are under no obligation to offer to purchase ARS from these customers.

(4) In consideration for the settlement terms contained in this Order, the Commission shall not seek additional penalties, and shall terminate its investigation with respect to WFI, WFS (as successor to WFBS), and WFIS regarding the marketing of ARS. However, if the Commission determines that WFS (as successor to WFBS) and WFIS have failed to adhere to their voluntary agreement as described above, the Commission's Division may initiate investigation and take enforcement action related to the marketing of ARS by WFS (as successor to WFBS) and WFIS.

(5) If payment is not made by WFI as required in this Order, or if WFI defaults in any of its other obligations set forth in this Order, the Commission may send WFI a written notice of default and, if within ten (10) days after receiving the written notice, WFI does not cure the default, the Commission may initiate an action to enforce the Order.

(6) This Order is not intended to indicate that WFI or any of its affiliates or current or former employees shall be subject to any disqualifications contained in the federal securities law, the rules and regulations thereunder, the rules and regulations of self-regulatory organizations or various states' securities laws, including any disqualifications from relying upon the registration exemptions or safe harbor provisions. In addition, this Order is not intended to form the basis for any such disqualifications.

(7) Except as expressly provided in this Order, for any person or entity not a party to this Order, this Order does not limit or create any private rights or remedies against WFI, limit or create liability of WFI, or limit or create defenses of WFI to any claims. Unless applicable law provides otherwise, by entering into this Order, the Commission does not waive any rights any departments, agencies, boards, commissions, authorities, political subdivisions

and corporations of the Commonwealth of Virginia other than the Commission may have under applicable law, to the extent any such rights exist, to assert a claim, cause of action, or application for compensatory, nominal and/or punitive damages, or to seek civil, criminal, or injunctive relief against WFI in connection with the marketing of ARS by WFI.

(8) This Order shall not disqualify WFI or any of its affiliates or current or former employees from any business that they otherwise are qualified or licensed to perform under applicable state law and this Order is not intended to form the basis for any disqualification.

(9) This Order and any dispute related thereto shall be construed and enforced in accordance with, and governed by, the laws of the Commonwealth of Virginia without regard to any choice of law principles.

(10) WFI, through its execution of this Order, voluntarily waives its right to a hearing on this matter and to judicial review of this Order under § 12.1-39 of the Code of Virginia.

(11) WFI enters into this Order voluntarily and represents that no threats, offers, promises, or inducements of any kind have been made by the Commission or any member, officer, employee, agent, or representative of the Commission to induce WFI to enter into this Order.

(12) This Order shall be binding upon WFI, its affiliates, successors and assigns with respect to all conduct subject to the provisions above and all future obligations, responsibilities, undertakings, commitments, limitations, restrictions, events, and conditions.

(13) Nothing contained in this Order shall be deemed to be an admission of any liability, fault or wrongdoing. The Parties agree that this Order shall not be admissible in any hearing, action, or proceeding except to prove the existence of this Order or to enforce the Order's terms.

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

(15) Dismissal of this case does not relieve the Defendant from its reporting obligations to any regulatory authority.

CASE NO. SEC-2010-00024
APRIL 6, 2010

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, as amended

ORDER OF EXEMPTION

This matter came before the State Corporation Commission ("Commission") for consideration upon the written application of Baptist General Conference Cornerstone Fund d/b/a Converge Cornerstone Fund ("Fund") which the Commission received on March 1, 2010, together with attached exhibits. Such application requested that Fixed Rate Certificates, Demand Certificates, and Individual Retirement Account ("IRA") Certificates (collectively, the "Certificates") be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code of Virginia, and that certain officers of the Fund be exempted from the agent registration requirements of the Act.

Based on the information submitted, the following facts appear to exist, in addition to others not enumerated herein: (i) the Fund is a non-stock 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 as a continuous offering with a total offering amount of One Hundred Million Dollars ($100,000,000), on terms and conditions more fully described in the offering circular which was filed as a part of the application; and (iii) these securities are to be offered and sold by officers of the Fund, who will not be compensated for their sales efforts, and may also be offered and sold by broker-dealers so registered under the Act.

Based on the facts asserted by the Fund in the written application and exhibits, and pursuant to § 13.1-514.1 B of the Act, and upon the recommendation of the Division of Securities and Retail Franchising, the Commission is of the opinion and does hereby ADJUDGE AND ORDER that the securities described above are exempted from the securities registration requirements of the Act. IT IS FURTHER ORDERED that the officers of the Fund are exempted from the agent registration requirements of said Act.

CASE NO. SEC-2010-00025
APRIL 6, 2010

APPLICATION OF
NATIONAL COVENANT PROPERTIES

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia, as amended

ORDER OF EXEMPTION

This matter came before the State Corporation Commission ("Commission") for consideration upon the written application of National Covenant Properties ("NCP") which the Commission received on March 1, 2010, together with attached exhibits. Such application requested that 5-year Fixed Rate Renewable Certificates, Variable Rate Certificates, Church Demand Investment Accounts, Individual Retirement Account Certificates, and Health Savings Account Certificates (collectively, the "Certificates") be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code of Virginia, and that certain officers of NCP be exempted from the agent registration requirements of the Act.

Based on the information submitted, the following facts appear to exist, in addition to others not enumerated herein: (i) NCP is a non-stock Illinois corporation operating not for private profit but exclusively for religious, charitable, and educational purposes; (ii) NCP intends to offer and sell the Certificates as a continuous offering with a total offering amount of One Hundred Million Dollars ($100,000,000), on terms and conditions more fully described in the offering circular which was filed as a part of the application; (iii) these securities are to be offered and sold by officers of NCP, who will not be compensated for their sales efforts, and may also be offered and sold by broker-dealers so registered under the Act; 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 Certificates described herein.

Based on the facts asserted by NCP in the written application and exhibits, and pursuant to § 13.1-514.1 B of the Act, and upon the recommendation of the Division of Securities and Retail Franchising, the Commission is of the opinion and does hereby ADJUDGE AND ORDER that the securities described above are exempted from the securities registration requirements of the Act. IT IS FURTHER ORDERED that the officers of NCP are exempted from the agent registration requirements of said Act.

CASE NOS. SEC-2010-00026, SEC-2006-00019, AND SEC-2006-00020
SEPTEMBER 30, 2010

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
DENNIS MICHAEL BUTTS,
DMB SPORTS PROPERTY, *et al.*
DMB SPORTS ENTERTAINMENT GROUP, INC.,
DMB SPORTS PROPERTY DEVELOPMENT & MANAGEMENT GROUP, INC.
DMB SPORTS MEDICAL SERVICES GROUP, INC.,
DMB SPORTS MARKETING GROUP, INC.,
DMB SPORTS INTERNATIONAL HOLDINGS, INC.,
and
DIGITAL MEDIA BROADCASTING CORPORATION,
Defendants

ORDER

On September 9, 2010, the Hearing Examiner issued a Report in the above-captioned matter in which he recommended to the State Corporation Commission ("Commission") that:

1. The Division of Securities and Retail Franchising's request that Case No. SEC-2010-00026 be dismissed from the Commission's docket of active cases be granted without prejudice, and

2. Case Nos. SEC-2006-00019 and SEC-2006-00020 be remanded to the Hearing Examiner for further proceedings.

It should be noted that the Hearing Examiner's Report covered all the Defendants listed in the above-captioned case. This Order shall apply equally to all parties in this case.

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

Accordingly, IT IS ORDERED that:

(1) Case No. SEC-2010-00026 is dismissed without prejudice.

(2) Case Nos. SEC-2006-00019 and SEC-2006-00020 be remanded to the Hearing Examiner for further proceedings of the Commission.

CASE NO. SEC-2010-00029
MAY 19, 2010

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
UBS SECURITIES, LLC,
and
UBS FINANCIAL SERVICES INC.,
Defendants

CONSENT ORDER

UBS Securities, LLC, and UBS Financial Services Inc. (collectively, "UBS") are broker-dealers registered in the Commonwealth of Virginia;

Coordinated investigations into UBS's activities in connection with certain of its sales of financial products known as auction rate securities ("ARS") to retail and other customers have been conducted by a multistate task force ("task force");

UBS has cooperated with regulators conducting the investigations by responding to inquiries, providing documentary evidence and other materials, and providing regulators with access to facts relating to the investigations;

UBS has advised regulators of its agreement to resolve the investigations relating to the sale and marketing of ARS;

UBS agrees to implement certain changes with respect to its sales of ARS to retail and other customers, and to make certain payments; and

WHEREAS, UBS elects to permanently waive any right to a hearing and appeal under § 12.1-39 of the Code of Virginia with respect to this Consent Order ("Order").

NOW, THEREFORE, the State Corporation Commission ("Commission"), as administrator of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, hereby enters this Order:

I. JURISDICTION AND AUTHORITY

UBS admits the jurisdiction of the Commission, neither admits nor denies the Findings of Fact and Conclusions of Law contained in this Order, and consents to the entry of this Order by the Commission.

II. DEFENDANTS

UBS Securities, LLC ("UBS Securities"), is a broker-dealer registered in the Commonwealth of Virginia, with a Central Registration Depository ("CRD") number of 7654.

UBS Financial Services Inc. ("UBS Financial Services") is a broker-dealer registered in the Commonwealth of Virginia, with a CRD number of 8174.

III. FACTS AND ALLEGATIONS

A. How UBS Marketed and Sold its ARS to its Clients

UBS Wealth Management's Financial Advisors ("FAs") Represented ARS to Clients as Safe, Liquid, Cash Alternatives to Money-Market Instruments

1. UBS customers in Virginia were sold ARS and, in most instances, were told they were safe, liquid money-market instruments.

2. Many UBS customers were told that the interest rates on these instruments were set periodically through the functioning of deep, liquid, fully functioning auctions that had never failed for 20 years. Some were not told about the auction process at all, but simply thought they were buying short-duration instruments.

3. Many UBS customers were not told that the majority of the auction rate products available to them were limited to ARS that UBS underwrote.

4. Many UBS customers were not apprised of the risks of ARS, including the risk of failed auctions or a market freeze.

5. Many UBS customers were not told that UBS had a policy of placing support bids in every auction for which it was the sole or lead broker-dealer; that UBS routinely intervened in the auction markets to set the interest rates; that certain potential conflicts of interest existed between UBS and its customers; that in August 2007, UBS changed its policy of placing support bids in every auction for which it was lead broker-dealer and allowed some of the ARS it had underwritten to fail; or that after November 2007, UBS was actively considering scenarios that included ceasing its practice of supporting its auctions.

6. After UBS decided to stop supporting its auctions, these clients were informed that the market for these instruments had frozen and that they no longer held liquid short-term instruments but instead held instruments with long or perpetual maturities for which no market existed. Many of those instruments are no longer valued at par on UBS Financial Services account statements.

UBS Brokers who sold ARS to Clients Understood them to be Safe, Liquid Cash Alternatives or Money-Market Instruments

7. The UBS Financial Services FAs that the task force interviewed had not received any specific instruction or compliance training from UBS with respect to ARS.

8. Many of the FAs that the task force interviewed did not have even the most basic understanding of how ARS worked until after UBS pulled out of its auctions in February 2008.

UBS Did Not Provide its Financial Advisors With Any Mandatory Training With Respect to ARS

9. UBS did not provide its FAs with mandatory training regarding ARS.

10. In testimony provided to the task force, the Director of Product Management for UBS Financial Services ("Director of Product Management") indicated a wide range of information that FAs should know prior to selling ARS to customers, including the issuer's identity, the type of ARS, the credit quality, how the auction process works, and that a customer bid may or may not get filled for that auction.

11. However, UBS did not provide mandatory training or specifically instruct its FAs to apprise themselves of this information or provide customers with the information.

UBS Marketed ARS to Clients as Safe, Liquid Instruments

12. The UBS clients with whom the task force spoke uniformly stated that ARS had been marketed to them as completely liquid, safe money-market type instruments.

13. UBS Financial Services posted on its public website a marketing piece "Cash & Cash Alternatives Addressing Your Short-Term Needs," which included Auction Preferred Stock and Variable-Rate Demand Obligations as a cash alternative.

14. Similarly, in August 2007, UBS circulated its "Investment Intelligence" magazine, which is "a quarterly 'statement stuffer' that is sent to all UBS Financial Services retail clients and available to employees on the intranet." The featured topic was "Planning Your Retirement Cash Flow Strategy." The feature included Auction Preferred Stock, Auction Rate Certificates, and Variable-Rate Demand Obligations as cash alternatives. It also invited customers to request a copy of *Putting Liquidity to Work: A Guide to Cash Alternatives*, which is a brochure UBS made available to FAs to provide to clients starting in 2004, and which was posted on its external website in October 2007. This brochure identified a number of risks relating to ARS, including the risk of auction failure, UBS's routine support of the auctions, the lack of any obligation that UBS continue to support the market, and the conflicts of interest arising from UBS's multiple roles in the auction market.

ARS Were Listed Under the Heading "Cash Alternatives / Money Market Instruments" on UBS Financial Services Client Statements Through January 2008

15. Through January 2008, the client statements issued to retail customers listed APS under the heading: "Cash Alternatives/Money Market Instruments."

16. In the February 2008 client statements, UBS removed the heading "Cash Alternatives/Money Market Instruments" from its client statements. ARS were then referred to as "Cash Alternatives/Other."

17. For the May 2008 and subsequent statements, the heading on UBS Financial Services' account statements under which ARS appeared was changed again to "Fixed Income/ARS."

18. Student loan auction rate certificates ("Student Loan ARCS") had been listed under the heading "Cash Alternatives/Municipal Securities." This heading was changed to "Fixed Income/ARS."

UBS Did not Disclose Aspects of its ARS Program to its Clients

19. UBS did not have any mandatory disclosures regarding ARS that its FAs were required to make.

20. On this topic, the Director of Product Management testified that FAs were not required by any specific policy to inform clients of the possibility that auctions may fail. He said that he did not believe that FAs were required to inform clients that UBS Securities routinely intervened in the auction markets to prevent failure and to place a ceiling on clearing rates. He also testified that UBS Financial Services' FAs were not informed that UBS Securities' inventory of ARS had exceeded the $2.5 billion cap, though FAs would have been able to tell that UBS's inventory was growing rapidly in January and February 2008 through the trading systems available to them.

B. UBS's ARS Program Was Inconsistent With How It Was Promoted to Clients and Financial Advisors

Background on Mechanics of ARS

a. Dutch Auction Process

21. A Dutch auction is a competitive bidding process used to determine rates of interest on an instrument on each auction date. Bids are submitted to the auction agent by the investors interested in buying or selling their securities. The auction agent matches purchase and sale bids and the winning bid is the highest price (equivalent to the lowest rate) at which the auction clears. At the auction a holder may submit one of the following orders:

- **Hold Order** – the holder wishes to continue to hold a position regardless of rate.

- **Hold Rate Order or Bid Order** – the holder only wishes to continue to hold a position or purchase a new position if the new rate is equal to or higher than a specified rate.

- **Sell Order** – directs the broker-dealer to redeem the position at par regardless of the new rate.

b. Types of Auction Rate Securities

Auction Preferred Shares ("APS")

22. APS are equity instruments without a stated maturity issued by closed-end funds. They are collateralized by the assets in that fund and typically receive ratings from the major rating agencies. Interest rates are intended to be set in a Dutch auction process with auction cycles typically of 7 or 28 days. Typically, they have a maximum rate above which the interest rate cannot be set in an auction.

Municipal Auction Rate Certificates

23. Municipal auction rate certificates ("Municipal ARCS") are debt instruments (typically municipal bonds) issued by governmental entities with a long-term nominal maturity and a floating interest rate that is intended to be reset through a Dutch auction process. They receive long-term ratings from the major rating agencies and are often backed by monoline insurance.

Student Loan-Backed Auction Rate Certificates

24. Student Loan-backed auction rate certificates ("Student Loan ARCS") are long-term debt instruments issued by trusts that hold student loans. Interest rates are intended to be set in a Dutch auction process, and typically Student Loan ARCS have a maximum rate above which the interest rate cannot be set in an auction. They receive long-term ratings from the major rating agencies.

25. References to ARS herein shall include three separate categories of instruments: APS of closed-end funds, Municipal ARCS, and Student Loan ARCS.

UBS's ARS Program

a. Underwriting

26. UBS Securities was one of the largest underwriters of Municipal ARCS and Student Loan ARCS.

27. UBS Securities was a large underwriter of APS until it ceased underwriting those shares in 2005 or 2006.

28. UBS's compensation for underwriting ARS was typically one percent of the amount underwritten.

29. UBS competed with other investment banks to provide low-cost financing to ARS issuers. Its ability to do so was a key factor in its ability to generate additional ARS underwriting business.

b. Broker-Dealer Agreements

30. For the ARS that it underwrote, UBS Securities typically served as a manager of those auctions.

31. UBS Securities often served as lead manager, but sometimes served as co-manager of auctions with other large broker-dealers.

32. UBS Securities' management responsibilities were typically set forth in an agreement called a broker-dealer agreement that it entered into with the issuer.

33. UBS Securities' compensation under those broker-dealer agreements was typically 20-25 basis points annualized of the amount managed.

34. UBS Securities shared a portion of its management fee with UBS Financial Services and its FAs in connection with the sale of ARS to customers of UBS Financial Services.

c. Distribution of ARS by UBS Financial Services

35. UBS Financial Services served as the primary distribution source for the ARS that UBS Securities underwrote.

36. Most of the ARS sold to clients of UBS Financial Services came from UBS Securities' ARS program.

37. UBS Financial Services did not do its own due diligence to discern whether particular ARS were quality instruments to be offered to its retail clients.

38. The Director of Product Management testified that since joining UBS Financial Services in 2005, he could not recall any instance in which UBS Financial Services had rejected or declined to distribute to its customers an ARS product underwritten by UBS Securities.

39. FAs received a portion of 25 basis points annualized of the total amount of ARS held by their clients.

40. FAs received no commission for their clients' investments in UBS's standard money-market fund.

d. UBS Routinely Placed Support Bids in Order to Prevent Failed Auctions

41. On all of the auctions for which it was the sole or lead broker-dealer, UBS Securities placed support bids to ensure that the auctions would not fail.

42. According to information provided by UBS to the task force, in auctions for APS from January 1, 2006, through February 28, 2008, UBS Securities submitted support bids in 27,069 auctions. The support bids were drawn upon in order to prevent a failed auction 13,782 times, which represented 50.9 % of those auctions.

43. According to information provided by UBS to the task force, in auctions for Municipal ARCS and Student Loan ARCS from January 1, 2006 through February 28, 2008, UBS Securities submitted support bids in 30,367 auctions. The support bids were drawn upon in order to prevent a failed auction 26,023 times, which represented 85.7 % of those auctions.

44. If UBS had not placed support bids in auctions, UBS's auction rate program would have failed.

e. UBS's Setting of Interest Rates

Price Talk

45. Prior to every auction for which it was the sole or the lead broker-dealer, UBS engaged in price talk. Price talk consisted of a range of bids that UBS Securities transmitted to UBS Financial Services' FAs indicating where UBS Securities expected the auctions to clear.

Setting Interest Rates by Placing Bids

46. UBS influenced ARS interest rates by submitting buy and sell bids from its own inventory.

47. UBS's Short Term Desk frequently set the rate at which the auction would clear.

48. In the Fall of 2007, UBS raised the interest rates it set on ARS in part in response to a build-up of inventory of ARS.

49. In contrast to the understanding that retail investors were given that the interest rates on these securities were actually set through the auction process, the head of Short-Term Trading said, "We are making pricing decisions based on our ability to attract investors while managing issuer client relationships and will continue to do so in efforts to move securities."

In August 2007 UBS Intentionally Allowed Certain of its Auctions to Fail

50. In August 2007, a number of broker-dealers, including UBS, failed some of their auctions for certain auction products that were issued in private placements relating to the Collateral Debt Organizations market and certain auction products issued by monoline insurance companies.

51. In August 2007, UBS intentionally allowed to fail the auctions for sixteen (16) Committee on Uniform Securities Identification Procedures (or CUSIP) numbers.

52. These same auctions continued to fail in the Fall of 2007.

UBS's Inventory of ARS Increased Substantially from August 2007, through mid-February 2008

a. Inventory Increased Beyond Cap Imposed by Risk Management

53. UBS's inventory of ARS, which it added to each time it supported an auction that otherwise would have failed, began to increase after the auction failures in August 2007.

54. UBS's risk control division imposed limits on the amount of ARS inventory UBS could hold.

55. When the inventory obtained by supporting auctions was reached, the Short-Term Desk had to request from risk-management an increase in that cap.

56. UBS's support of the auctions caused its inventory of ARS to increase even more in 2008.

b. Pushback from Risk Management

57. In the fall of 2007 and the beginning of 2008, UBS's risk management group was beginning to express concerns about the increase in the build-up of ARS. Risk management expressed these concerns in the context of the Short-Term Desk's repeated requests to take on inventory of ARS above the caps imposed by risk management.

58. For example, an e-mail dated August 15, 2007, from an employee in the investment bank's risk function (who worked with the investment bank's Chief Risk Officer in the Americas) stated: "Limited extension [of permission to operate over peak auction rate security inventory limit] granted for one night. There is little tolerance for increased inventory firm wide; please continue to price aggressively to keep inventory down."

UBS Attempted to Limit the Build-up of Auction Rate Securities Inventory

a. Enhanced Marketing Efforts for ARS

59. As UBS's inventory of ARS began to grow, the Global Head of UBS's Municipal Securities Group led an effort to sell more of that inventory.

60. This effort began in August 2007 and continued until UBS pulled out of the market in February 2008.

61. A concerted marketing effort was made to get the FAs to sell ARS.

62. In early 2008, in response to a substantial decrease in corporate cash demand for ARS, UBS began an education campaign to ensure that FAs understood the true credit quality of the ARS.

b. Waivers of Maximum Rates on Student Loan-Backed Auction Rate Certificates

63. The maximum rate at which Student Loan ARCS could reset was too low to compensate investors for the perceived risk of those instruments during the period between August 2007 and February 2008. Many APSs suffered from a similar flaw.

64. These maximum rates were well known to UBS as UBS Securities had built them into the instruments in order to make them more palatable to their underwriting clients.

65. The maximum rates often allowed the issuers to obtain a higher rating on the product in part because capping the interest rate on the product allowed them to satisfy the cash flow stress tests of the rating agencies.

66. As investors shied away from ARS after August 2007, UBS's inventory began to grow dramatically and it needed to keep raising interest rates in order to move the paper.

67. However, as those interest rates began to approach the maximum rates on the securities with restrictive maximum rates, UBS began an effort to get its issuer clients to agree to a temporary increase in maximum rates and to seek waivers from the rating agencies in order to allow the interest rates on those instruments to rise to a level where those instruments could clear the market, until the market recovered or UBS could work with issuers to restructure.

68. Those waivers were short-term in nature and many that had been obtained in 2007 were set to expire in early 2008.

69. UBS became very concerned that when these waivers expired, these instruments would hit the maximum rate and the rate would reset to a level that would not be appealing to investors, thus requiring UBS to take on even more Student Loan ARCS.

70. In January 2008, UBS continued to seek waivers of the maximum rates from issuers.

71. UBS did not disclose its concerns with respect to maximum rates of Student Loan ARCS to investors.

72. Moreover, UBS's FAs were not aware of issues related to the maximum rate and did not explain them to customers.

After August 2007, UBS's Concerns Regarding ARS Intensified Causing UBS To Debate Its Ongoing Role In The Auction Markets

73. After August 2007, there was an ongoing dialogue within UBS as to the condition of the auction markets, with particular emphasis on Student Loan ARCS.

74. In the Summer and Fall of 2007, UBS began a balance sheet reduction program, which required all divisions, including the Short-Term Desk, to contribute to liquidity creation and balance sheet reduction.

75. By early December 2007, it became clear that many institutional buyers were no longer interested in ARS.

76. On December 12, 2007, the Head of Flow, Sales and Trading sent an e-mail to the Global Head of Municipal Securities in which he stated: "The auction product does not work and we need to use our leverage to force the issuers to confront this problem our options are to resign as remarketing agent or fail or?"

77. Of note, that same day, the Global Head of Municipal Securities sold his remaining personal shares of ARS, while continuing to engage in enhanced marketing efforts to clients. He subsequently explained that he made these sales because "my risk tolerance from a credit perspective was — was something that drove me to want to sell" ARS.

78. A student loan task force was set up at UBS in mid-December 2007.

79. In addition to the student loan task force, in December 2007, a working group was convened to discuss the broader condition of UBS's ARS program. According to UBS's response to interrogatories propounded by the task force, "In late 2007, UBS formed a working group that addressed the general market conditions for ARS, as well as UBS's continued role in ARS auctions."

80. The working group held meetings on December 21, 2007, January 4, 2008, January 18, 2008, February 1, 2008, and February 29, 2008.

81. The working group discussed, among other things, the build-up in UBS's inventory of ARS and strategies for exiting the auction markets.

UBS's Conflicted Role in Serving Underwriting Clients Versus Acting in the Best Interests of Retail Wealth Management Clients

82. UBS's auction rate program, in which it actively managed to influence the interest rates on ARS (which interest rates, in theory, should have been set by auctions), put it in a fundamentally conflicted role.

83. On one hand, as set forth in detail above, UBS often needed to raise interest rates in order for auction paper to clear. On the other hand, if UBS raised interest rates too high, it ran afoul of its underwriter clients, to whom it had promised low-cost financing.

84. Many UBS Financial Services' investors were unaware of this conflict, as it was never disclosed to them.

85. Many retail purchasers of UBS auction rate paper thought that the interest rates were set by the auction markets, not by UBS's setting of the interest rates resulting from its balancing of the needs of its underwriting clients and its need to move the product so that its inventory did not grow too large.

86. This conflict became more acute when the auction markets began to crumble. If UBS did not raise rates enough, there would not be sufficient buying interest and UBS would have to take more auction rate paper onto its books. If UBS raised rates too high, the auction results could significantly increase the cost of financing to UBS's issuer clients.

UBS Financial Advisors Were Not Apprised of this Back Story

87. As the auction rate market began to show some stress in August 2007, which gained intensity through the end of 2007 and January 2008, many customers were not informed of problems in the ARS market.

88. Up through at least February 8, 2008, and in connection with updates to FAs of events occurring in the auction rate market, FAs were informed as follows:

> The public auction market continues to clear hundreds of auctions daily, with lead-broker-dealers frequently bidding to clear auctions where needed. While broker-dealers are not obligated to bid in auctions, we do not have reason to change our current practice when UBS is lead underwriter. We will continue to monitor developments so that we responsibly serve our clients and shareholders.

89. This message came one day after the Global Head of Municipal Securities, in a February 7, 2008 e-mail to certain UBS personnel on the topic of whether UBS was contemplating failing auctions, stated, regarding the auction rate market: "clock ticking-not sustainable."

90. In stark contrast to the sales of personal holdings of ARS by the Global Head of Municipal Securities in August and December 2007, customers who were kept in the dark about UBS's concern about the viability of the program and UBS's wavering commitment to the program, found themselves stuck.

UBS Failed Its Auctions On February 13, 2008

91. UBS Financial Services' FAs kept selling ARS through February 12, 2008.

92. On February 13, without prior notice to its customers who had purchased ARS, UBS failed its auctions for ARS.

IV. CONCLUSIONS OF LAW

1. The Commission has jurisdiction over this matter pursuant to the Virginia Securities Act ("Act") § 13.1-501 *et seq.* of the Code of Virginia.

2. UBS Failed to Supervise. As described in the Findings of Fact above, UBS failed to exercise diligent supervision of the securities activities of all of its agents in violation of Commission Rule 21 VAC 5-20-260 B. As a result, UBS violated Commission Rules 21 VAC 5-20-260 A and B.

3. UBS Engaged in Dishonest and Unethical Practices. As described in the Findings of Fact above, UBS has failed to conduct securities business in accordance with the rules of the Commission in violation of § 13.1-506 7 of the Act. As a result, UBS violated Commission Rule 21 VAC 5-20-280 A 3 by recommending that customers purchase or sell ARS without reasonable grounds to believe that the recommendation was suitable for the customer.

4. The Commission finds the following relief appropriate and in the public interest.

V. ORDER

On the basis of the Findings of Fact, Conclusions of Law, and UBS's consent to the entry of this Order without admitting or denying the facts or conclusions herein,

Accordingly, IT IS ORDERED THAT:

(1) This Order concludes the investigation by the Commission and, except as provided in Paragraph V.19, precludes any other action that the Commission could commence under the Act on behalf of the Commonwealth of Virginia as it relates to UBS's marketing and sale of ARS.

(2) This Order is entered into solely for the purpose of resolving the above-referenced multistate investigation, and is not intended to be used for any other purpose.

(3) UBS will not violate the Act and will comply with the Act in the future.

(4) Within ten (10) days of the entry of this Order, UBS shall pay the sum of One Million Six Hundred Sixty-two Thousand Twenty-nine Dollars and Forty-three Cents ($1,662,029.43) to the Treasurer of Virginia.

(5) UBS shall take certain measures with respect to certain current and former customers as related to "Eligible ARS," as defined in Paragraph V.6.

(6) Eligible ARS. For purposes of this Order, "Eligible ARS" means ARS that failed at least once in auctions between August 8, 2008, and October 7, 2008.

(7) Eligible Customers. As used in this Consent, an "Eligible Customer" is any current or former UBS customer (not including (i) broker-dealers or (ii) banks acting as conduits for their customers) who opts in to the relief provided pursuant to this Order and meets any of the following criteria:

a. Held the Eligible ARS at UBS as of February 13, 2008 or in delivery versus payment accounts as of February 13, 2008 for which UBS had bidding rights; or

b. Purchased Eligible ARS at UBS between October 1, 2007 and February 12, 2008, and transferred those ARS out of UBS prior to February 13, 2008;

(8) Offer periods.

a. First Offer Period.

(i) No later than October 31, 2008, UBS shall have offered to purchase at par Eligible ARS from all Eligible Customers who:

(a) Meet the criteria under Paragraphs V.7.a or V.7.b;

(b) Are either:

i. Individual customers, or

ii. Charities, endowments, or foundations with Internal Revenue Code Section 501(c)(3) status; and

(c) Have less than $1 million in assets at UBS as determined by the investor's aggregate household asset position at UBS on August 8, 2008.

(d) In cases in which investor classification under this subsection is ambiguous, such classification will be determined by UBS in the exercise of its reasonable good faith judgment.

(ii) This First Offer Period will remain open until January 4, 2011.

b. Second Offer Period.

(iii) No later than January 2, 2009, UBS shall have offered to purchase at par Eligible ARS from all Eligible Customers who meet the criteria under Paragraphs V.7.a or V.7.b and are:

(a) Individual customers,

(b) Charities, endowments or foundations with Internal Revenue Code Section 501(c)(3) status, or

(c) Small businesses (entities with less than $10 million in assets with UBS as of August 8, 2008).

(iv) Notwithstanding any other provision, institutional customers who have represented they have total assets of greater than $50 million, or otherwise are determined to have assets greater than $50 million, as of August 8, 2008, are covered by the Third Offer Period (described in Paragraph V.8.c) and not by the Second Offer Period.

(v) In cases in which investor classification under this subsection is ambiguous, such classification will be determined by UBS in the exercise of its reasonable good faith judgment.

(vi) This Second Offer Period will remain open until January 4, 2011.

c. Third Offer Period – Institutional Customers. No later than June 30, 2010, UBS shall offer to purchase at par Eligible ARS from all remaining Eligible Customers who meet the criteria under Paragraphs V.7.a and V.7.b. This Third Offer Period will remain open until July 2, 2012.

(9) Customer Notification and Opt In Procedures.

a. Initial Notice. UBS shall have sent notice ("ARS Settlement Notice") to each Eligible Customer. The ARS Settlement Notice shall have described the relevant terms of this Order as related to Eligible Customers and shall have informed the customers that they could opt in to the relief described in the ARS Settlement Notice within thirty (30) days after the mailing date of the ARS Settlement Notice ("Initial Opt In Period").

b. Second Notice and Opt In. To the extent that any Eligible Customer did not opt in during the Initial Opt In Period, UBS shall have provided any such customer a second written notice describing the relevant terms of this Order as related to Eligible Customers within seven (7) business days of the expiration of the Initial Opt In Period. Customers will have had thirty (30) days after the mailing date of the second written notice to notify UBS that they opt in to the relief described in the ARS Settlement Notice. This Order does not require UBS to purchase the ARS of any customer that was mailed the ARS Settlement Notice but did not opt in to the relief described in the ARS Settlement Notice. Any customer who did not opt in to the relief provided pursuant to this Order may pursue any other remedies against UBS available under the law.

c. Customer Assistance Line and Internet Page. Within five (5) business days of the entry of this Order, UBS shall have updated: (i) its dedicated toll-free telephone ARS assistance line, with appropriate staffing, to provide information and to respond to questions concerning the terms of this Order; and (ii) the public Internet page regarding ARS on UBS's corporate Web site(s), with a prominent link to that page appearing on UBS's relevant homepage(s), to provide information concerning the terms of this Order and, via an e-mail address or other

reasonable means, to respond to questions concerning the terms of this Order. UBS shall maintain the telephone assistance line and Internet page through June 30, 2010, or the completion of UBS's obligation pursuant to Paragraph V.15 of this Order, whichever is later.

(10) Purchase Procedures.

a. Customers Eligible Under Paragraph V.8.

For customers eligible for an offer under Paragraph V.8 who opted in to the relief described in the ARS Settlement Notice:

(i) UBS Offer. UBS shall have offered to purchase their Eligible ARS at par plus any accrued and unpaid dividends/interest during the relevant timeframe specified in Paragraph V.8. These customers may enter a sell order to sell their Eligible ARS at par to UBS at any time during the relevant timeframe.

(ii) Discretionary Sales on Behalf of Customers. Starting on the business day following the date that an Eligible Customer opted in to the relief described in the ARS Settlement Notice, UBS shall be authorized to exercise discretion on such customer's behalf to effect sales or other dispositions of Eligible ARS, including but not limited to secondary sales. UBS shall make customers whole at par (plus any accrued and unpaid dividend/interest) if any such disposition occurs below par. Any such discretion shall be exercised by UBS solely for the purpose of facilitating restructurings, dispositions, or other par solutions for customers. UBS represents that the purpose of this aforementioned discretion is to permit UBS to mitigate potential damages while still returning par to customers. In addition, starting the business day following the date on which an Eligible Customer opted in to the relief described in the ARS Settlement Notice, UBS shall be authorized to exercise reasonable discretion to purchase at par Eligible ARS that are tax-exempt Auction Preferred Stock issued by closed-end funds.

(iii) Written Notice of Expiration. Thirty (30) days before the expiration of each relevant timeframe set forth in Paragraph V.8, UBS shall provide written notice to those customers eligible under Paragraph V.8 who have not sold their Eligible ARS to UBS. This written notice shall notify the customers about the impending expiration of the relevant timeframe, describe the state of the ARS market at that time, and explain the consequences of failing to sell their ARS to UBS prior to the expiration of the relevant timeframe.

b. Returning ARS to UBS Custody. Because the Eligible ARS must be in UBS custody prior to UBS being able to purchase such ARS, the customer must return the Eligible ARS to UBS's custody before placing an order to sell the Eligible ARS to UBS. To this end, UBS shall use its best efforts to assist customers eligible for relief under this Order who have transferred ARS out of UBS custody in returning Eligible ARS to UBS custody and shall not charge such customers any fees relating to or in connection with the return to UBS or custodianship by UBS of such Eligible ARS.

(11) Customer Priority. UBS agrees that it will not take advantage of liquidity solutions for its own inventory without making them available, as soon as practicable, to its customers that opted in to the relief provided pursuant to this Order who hold the same CUSIP(s) of ARS in their accounts. This obligation shall continue until June 30, 2010.

(12) Relief for Customers Who Sold Below Par. UBS shall make best efforts to identify any such Eligible Customers who sold Eligible ARS below par between February 13, 2008 and September 15, 2008. By October 31, 2008, UBS shall have paid any Eligible Customer so identified the difference between par and the price at which the customer sold the Eligible ARS, plus reasonable interest thereon. UBS shall promptly pay any such Eligible Customer identified after October 31, 2008.

(13) Refund of Refinancing Fees to Municipal Issuers. By June 30, 2009, UBS shall have refunded to municipal issuers underwriting fees each issuer paid to UBS for the refinancing or conversion of ARS that occurred after February 13, 2008, where UBS acted as underwriter for both the primary offering of ARS between August 1, 2007 and February 12, 2008, and the refunding or conversion of the ARS after February 13, 2008.

(14) Negative Carry on Prior ARS Loan Programs. With respect to each customer who took out a loan from UBS (directly or indirectly) using the firm's prior ARS loan programs since February 13, 2008, UBS shall promptly reimburse the customer for any excess interest costs associated with such loan when compared to the interest paid on average on the Eligible ARS that are the subject of the loan, plus reasonable interest thereon.

(15) Purchase from Certain Additional Customers.

a. Subject to the limitations described in Paragraphs V.15.d.and V.15.e, with respect to former UBS customers who are either individuals; charities, endowments, or foundations with Internal Revenue Code Section 501(c)(3) status; or small businesses (entities with less than $10 million in assets with UBS other than institutional customers who have represented they have total assets of greater than $50 million, or otherwise are determined to have assets greater than $50 million, as of August 8, 2008), and who purchased Eligible ARS at UBS on or after January 1, 2000, and transferred the Eligible ARS from UBS before February 13, 2008, and continue to own the Eligible ARS, UBS shall offer to purchase the customer's Eligible ARS at par plus any accrued and unpaid dividends/interest, provided such customer has contacted or contacts UBS to request that UBS purchase the Eligible ARS.

b. Within thirty (30) days of March 4, 2010, UBS shall offer to purchase Eligible ARS from each customer eligible under Paragraph V.15.a who is recorded as having contacted UBS before March 4, 2010.

c. For each customer eligible under Paragraph V.15.a who contacts UBS after March 4, 2010, within thirty (30) days of UBS's receipt of the customer's request, UBS shall offer to purchase Eligible ARS from such customer.

d. The Eligible ARS must be in UBS custody prior to UBS being able to purchase such ARS under this section. Former customers who are eligible under this section must return the Eligible ARS to their prior UBS account or, in the case of former accounts that have been purged, to new UBS accounts opened by the customer. UBS shall not charge such customers any fees relating to or in connection with the return to UBS of such Eligible ARS.

e. UBS's obligations under Paragraph V.15.a will expire after UBS has purchased Eligible ARS pursuant to Paragraph V.15.a with a total value of $200 million ("The Purchase Obligation"). The Purchase Obligation includes sums paid to any customer eligible under these provisions as well as any similar provisions with any other state. Customers covered by Paragraph V.15.c. will be prioritized based on date of receipt of claim. The Purchase Obligation also will include any amounts UBS paid to customers covered by Paragraph V.15.a prior to the execution of the Consent Order. Furthermore, UBS's obligation under Paragraph V.15.a will be stayed during any period that the sum paid and/or offered to be paid pursuant to Paragraph V.15.a equals or exceeds $200 million.

f. UBS has indicated that it will require each customer accepting a purchase offer under this Paragraph V.15 to provide UBS with a full release of claims as a condition to UBS's agreement to repurchase. Such requirement will not be construed as a violation of this Order, or as otherwise prohibited by this Order.

(16) Best Efforts. Notwithstanding UBS's obligations pursuant to Paragraph V.8.c, UBS shall have used its best efforts to, by December 31, 2009, provide liquidity solutions at par for UBS institutional customers (not including (i) broker-dealers or (ii) banks acting as conduits for their customers) by, among other things, facilitating issuer redemptions, and/or restructurings.

(17) Reports and Meetings.

a. Reports. Within thirty (30) days after March 4, 2010, and then quarterly after that, UBS shall submit a written report detailing UBS's progress with respect its obligations under paragraph V.15. This report shall be submitted to a representative specified by the North American Securities Administrators Association ("NASAA").

b. The reporting obligation set forth above may be amended with written permission from a designated NASAA representative.

(18) Special Arbitration Process.

a. UBS shall consent to participate, at the customer's election, in the special arbitration procedures described below. Under these procedures, an arbitration process, under the auspices of the Financial Industry Regulatory Authority ("FINRA"), will be available for the exclusive purpose of arbitrating consequential damages claims by individual (non-institutional) Eligible Customers who meet the criteria under paragraphs V.8.a and V.8.b. above.

b. Applicable procedures.

(i) Arbitrator. The special arbitrations will be conducted by a single public arbitrator.

(ii) Forum and Filing Fees. UBS shall pay all forum and filing fees with respect to customer claims eligible for the special process.

(iii) Proof. Eligible Customers will bear the burden of proving by a preponderance of the evidence, the existence and amount of consequential damages suffered as a result of the illiquidity of the Eligible ARS. Although UBS will be able to defend itself against such claims, UBS shall not argue against liability for the illiquidity of the underlying ARS position. Furthermore, UBS will not use as part of its defense the customer's decision not to borrow money from UBS prior to September 15, 2008.

(iv) Other Damages. Eligible Customers who elect to use the special arbitration procedures provided for in this Order shall not be eligible for punitive damages, or any other type of special damages other than consequential damages.

(vi) Applicability of FINRA Procedures. The special arbitrations shall be subject to the rules and procedures adopted by FINRA for such arbitrations to the extent such rules and procedures are not inconsistent with the NASAA Special Arbitration Procedures provision relating to Relief Available, or the terms and provisions specified herein.

(19) Ability to Take Additional Actions. The Commission will discontinue all investigations of the marketing and sale of ARS by UBS and will withdraw or not commence any enforcement or other proceeding against UBS in connection with its marketing and sale of ARS. Notwithstanding this paragraph, the Commission may investigate specific sales practice complaints involving ARS. In connection with such investigations, the Commission may not seek remedies against the firm or its agents such as penalties, fines, license suspension or revocation, disgorgement, or injunctive relief for any conduct related to UBS's marketing and sales of ARS, as such conduct is set forth in this Order.

(20) UBS AG. In consideration of the Commission entering into this settlement as reflected in this Order, UBS AG will satisfy the financial obligations to customers herein on behalf of UBS Financial Services, Inc., and UBS Securities LLC.

VI. ADDITIONAL CONSIDERATIONS

1. If payment is not made by UBS, or if UBS defaults in any of its obligations set forth in this Order, the Commission may vacate this Order, at its sole discretion, after providing UBS notice and an opportunity to cure the default(s) within ten (10) days after the date of the notice.

2. This Order is not intended to indicate that UBS or any of its affiliates or current or former employees shall be subject to any disqualifications contained in the federal securities law, the rules and regulations thereunder, the rules and regulations of self-regulatory organizations or various states' securities laws including any disqualifications from relying upon the registration exemptions or safe harbor provisions. In addition, this Order is not intended to form the basis for any such disqualifications.

3. For any person or entity not a party to this Order, this Order does not limit or create any private rights or remedies against UBS including, without limitation, the use of any e-mails or other documents of UBS or of others for the marketing and sale of ARS to investors, limit or create liability of UBS, or limit or create defenses of UBS to any claims. Further, nothing in this Order shall affect UBS's ability to defend itself against claims in litigation.

4. This Order shall not disqualify UBS or any of its affiliates or current or former employees from any business that they otherwise are qualified or licensed to perform under applicable securities laws of the Commonwealth of Virginia. In addition, this Order is not intended to form the basis for any such disqualifications.

5. This Order and any dispute related thereto shall be construed and enforced in accordance with, and governed by, the laws of the Commonwealth of Virginia without regard to any choice of law principles.

6. UBS, through its execution of this Order, voluntarily waives its right to a hearing on this matter and to judicial review of this Order under the Act.

7. UBS enters into this Order voluntarily and represents that no threats, offers, promises, or inducements of any kind have been made by the Commission or any member, officer, employee, agent, or representative of the Commission to induce UBS to enter into this Order.

8. This Order shall be binding upon UBS and its successors and assigns as well as to successors and assigns of relevant affiliates with respect to all conduct subject to the provisions above and all future obligations, responsibilities, undertakings, commitments, limitations, restrictions, events, and conditions.

9. Dismissal of this case does not relieve the Defendant from its reporting obligations to any regulatory authority.

NOTE: A copy of Exhibit A entitled "Sample Disclosure for Transactions in Virginia" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

CASE NO. SEC-2010-00030
JUNE 15, 2010

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
PLAY N TRADE FRANCHISE, INC.,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that Play N Trade Franchise, Inc. ("Defendant"): (i) violated § 13.1-563 (2) of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq*. of the Code of Virginia, by making untrue statements of a material fact or omitting to state a material fact necessary in order to avoid misleading the offeree in connection with the sale or offer to sell a franchise; and (ii) violated Franchise Rule 21 VAC 5-110-95 by failing to follow the requirements for Franchise Disclosure Document preparation.

The State Corporation Commission ("Commission") is authorized by § 13.1-562 of the Act to revoke the Defendant's registration, by § 13.1-568 of the Act to issue temporary or permanent injunctions, by § 13.1-570 of the Act to impose certain monetary penalties and to request the Defendant to make rescission and restitution, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

The Defendant neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Settlement Order.

As a proposal to settle all matters arising from these allegations, the Defendant has made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms and undertakings:

(1) The Defendant will pay to the Treasurer of the Commonwealth of Virginia the amount of Ten Thousand Dollars ($10,000) in monetary penalties. Five Thousand Dollars ($5,000) of said penalty will be paid contemporaneously with the entry of this order, and the remaining Five Thousand Dollars ($5,000) will be paid within thirty (30) days of the entry of this Order.

(2) The Defendant will pay to the Treasurer of the Commonwealth of Virginia the amount of Five Thousand Dollars ($5,000) to defray the costs of investigation. Two Thousand Five Hundred Dollars ($2,500) of said costs will be paid contemporaneously with the entry of this Order, and the remaining Two Thousand Five Hundred Dollars ($2,500) will be paid within thirty (30) days of the entry of this Order.

(3) The Defendant will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

The Commission, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Division, is of the opinion that the Defendant's offer should be accepted.

Accordingly, IT IS ORDERED THAT:

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

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

(3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendant's failure to comply with the terms and undertakings of the settlement.

CASE NO. SEC-2010-00031
APRIL 21, 2010

APPLICATION OF
CHRISTIAN INVESTORS FOUNDATION

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia, as amended

ORDER OF EXEMPTION

This matter came before the State Corporation Commission ("Commission") for consideration upon the written application of Christian Investors Foundation ("Foundation") which the Commission received on March 15, 2010, together with attached exhibits. Such application requested that Term Certificates and Demand Certificates (collectively, the "Certificates") be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code of Virginia, and that certain officers of the Foundation be exempted from the agent registration requirements of the Act.

Based on the information submitted, the following facts appear to exist, in addition to others not enumerated herein: (i) the Foundation is a non-stock Minnesota corporation operating not for private profit but exclusively for charitable, benevolent, and educational purposes; (ii) the Foundation intends to offer and sell the Certificates as a continuous offering with a total offering amount of Seventy Million Dollars ($70,000,000), on terms and conditions more fully described in the offering circular which was filed as a part of the application; and (iii) these securities are to be offered and sold by officers of the Foundation, who will not be compensated for their sales efforts, and may also be offered and sold by broker-dealers so registered under the Act.

Based on the facts asserted by the Foundation in the written application and exhibits, and pursuant to § 13.1-514.1 B of the Act, and upon the recommendation of the Division of Securities and Retail Franchising, the Commission is of the opinion and does hereby ADJUDGE AND ORDER that the securities described above are exempted from the securities registration requirements of the Act. IT IS FURTHER ORDERED that the officers of the Foundation are exempted from the agent registration requirements of said Act.

CASE NO. SEC-2010-00032
JUNE 1, 2010

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

SETTLEMENT ORDER

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that Dream Dinners, Inc. ("Defendant") violated § 13.1-563 (2) of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq*. of the Code of Virginia, by making untrue statements of a material fact or omitting to state a material fact necessary in order to avoid misleading the offeree in connection with the sale or offer to sell a franchise.

The State Corporation Commission ("Commission") is authorized by § 13.1-562 of the Act to revoke the Defendant's registration, by § 13.1-568 of the Act to issue temporary or permanent injunctions, by § 13.1-570 of the Act to impose certain monetary penalties and to make rescission and restitution, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

The Defendant cooperated with the Division's investigation. The Defendant neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Settlement Order.

As a proposal to settle all matters arising from these allegations, the Defendant has made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms and undertakings:

(1) The Defendant will pay to the Treasurer of the Commonwealth of Virginia, no later than thirty (30) days from the date of entry of this Settlement Order, the amount of Five Thousand Four Hundred Dollars ($5,400) to defray the cost of investigation.

(2) The Defendant will make a rescission offer to certain Virginia franchisees.

(a) Within thirty (30) days of the date of this Settlement Order, the Defendant will make a written offer of rescission sent by certified mail to each franchisee, which will include an offer to repay the initial franchise fee, and a provision that gives each franchisee thirty (30) days from the date of receipt of the rescission offer to provide the Defendant with written notification of his decision to accept or reject the offer.

(b) The Defendant will provide to the Division a copy of the rescission offer for its review and comment at least ten (10) days before sending it to the franchisees.

(c) The Defendant will include with the written offer of rescission a copy of this Settlement Order.

(d) If the rescission offer is accepted, the Defendant will forward the payment to each franchisee in no more than thirty-five (35) equal consecutive monthly installments with the first monthly installment due the month following the acceptance of the rescission offer.

(e) Within thirty (30) days from the date of the last monthly installment payment, the Defendant will submit to the Division proof of certified mailings of the rescission offer and an affidavit, executed by the Defendant, which contains the date on which each franchisee received the offer of rescission, each franchisee's response, and, if applicable, the amount and the date that payment was sent to each franchisee.

(3) The Defendant will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

The Commission, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Division, is of the opinion that the Defendant's offer should be accepted.

Accordingly, IT IS ORDERED THAT:

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

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

(3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendant's failure to comply with the terms and undertakings of the settlement.

CASE NO. SEC-2010-00033
JUNE 1, 2010

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

SETTLEMENT ORDER

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that Douglas Aquatics, Inc. ("Defendant"): (i) violated § 13.1-560 of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq*. of the Code of Virginia, by selling or offering to sell franchises in the Commonwealth of Virginia prior to registering under the provisions of the Act; (ii) violated § 13.1-563 (2) of the Act by making untrue statements of a material fact or omitting to state a material fact necessary in order to avoid misleading the offeree in connection with the sale or offer to sell a franchise; (iii) violated § 13.1-563 (4) (ii) by failing to, directly or indirectly, provide franchisees with such disclosure documents as may be required by rule or order of the State Corporation Commission ("Commission"); and (iv) violated Retail Franchising Rule 21 VAC 5-110-95 by failing to follow the requirements for Franchise Disclosure Document preparation.

The Commission is authorized by § 13.1-562 of the Act to revoke the Defendant's registration, by § 13.1-568 of the Act to issue temporary or permanent injunctions, by § 13.1-570 of the Act to impose certain monetary penalties and to make rescission and restitution, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

The Defendant admits to the violation of § 13.1-560 of the Act, neither admits nor denies the remaining allegations, but admits to the Commission's jurisdiction and authority to enter this Settlement Order.

As a proposal to settle all matters arising from these allegations, the Defendant has made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms and undertakings:

(1) The Defendant will pay to the Treasurer of the Commonwealth of Virginia, contemporaneously with the entry of this Order, the amount of Nine Thousand Dollars ($9,000) in monetary penalties.

(2) The Defendant will pay to the Treasurer of the Commonwealth of Virginia, contemporaneously with the entry of this Order, the amount of Eight Thousand Three Hundred dollars ($8,300) to defray the costs of investigation.

(3) The Defendant will provide a copy of this Order to every current and former franchisee.

(4) The Defendant will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

The Commission, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Division, is of the opinion that the Defendant's offer should be accepted.

Accordingly, IT IS ORDERED THAT:

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

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

(3) 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-2010-00034
APRIL 30, 2010

APPLICATION OF
BLUE RIDGE BIBLE CHURCH

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia, as amended

ORDER OF EXEMPTION

This matter came before the State Corporation Commission ("Commission") for consideration upon the written application of Blue Ridge Bible Church that the Commission received on March 16, 2010, together with attached exhibits. Such application, as subsequently amended, requested that Blue Ridge Bible Church's General Mortgage Bonds ("Mortgage Bonds") be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code of Virginia.

Based on the information submitted, the following facts appear to exist, in addition to others not enumerated herein: (i) Blue Ridge Bible Church is a nonprofit Virginia corporation organized exclusively for religious, charitable, and educational purposes; (ii) Blue Ridge Bible Church intends to offer and sell the Mortgage Bonds as a continuous offering with a total offering amount of One Million Three Hundred Sixty Thousand Dollars ($1,360,000), on terms and conditions more fully described in the prospectus which was filed as a part of the application; and (iii) the Mortgage Bonds are to be offered and sold by broker-dealers registered under the Act.

Based on the facts asserted by Blue Ridge Bible Church in the written application and exhibits, and pursuant to § 13.1-514.1 B of the Act, and upon the recommendation of the Division of Securities and Retail Franchising, the Commission is of the opinion and does hereby ADJUDGE AND ORDER that the securities described above are exempted from the securities registration requirements of the Act.

CASE NO. SEC-2010-00037
DECEMBER 7, 2010

COMMONWEALTH OF VIRGINIA, *ex. rel*.
STATE CORPORATION COMMISSION
v.
CRYSTAL G. SPEEKS-STROHECKER d/b/a CREDIT MEDIC FINANCIAL SERVICES, INC.,
Defendant

JUDGMENT ORDER

On August 19, 2010, the State Corporation Commission ("Commission") issued an Amended Rule to Show Cause ("Amended Rule") against Crystal G. Speeks-Strohecker d/b/a Credit Medic Financial Services, Inc. ("Defendant"). The Amended Rule alleged that the Defendant: (1) violated § 13.1-560 of the Virginia Retail Franchising Act (the "Act"), § 13.1-557 *et seq.* of the Code of Virginia, by offering and selling franchises in the Commonwealth of Virginia without being properly registered; and (2) violated § 13.1-563 of the Act by failing to provide the franchisees with an appropriate disclosure document, by failing to disclose that the Defendant was not registered to sell franchises in the Commonwealth of Virginia, and by failing to make other disclosures.

The Amended Rule, among other things, assigned the matter to a Hearing Examiner and scheduled an evidentiary hearing for October 13, 2010. Additionally, the Amended Rule ordered the Defendant to file a responsive pleading on or before September 7, 2010, in which the Defendant was required to expressly admit or deny the allegations in the Amended Rule and present any affirmative defenses that she intended to assert. The Defendant was advised that she may be found in default if she failed to either timely file a responsive pleading or other appropriate pleading, or if she filed such pleading and failed to make an appearance at the hearing. If found in default, the Defendant was advised that she would be deemed to have waived all objections to the admissibility of evidence and may have entered against her a judgment by default imposing some or all of the sanctions permitted by law.

On September 24, 2010, the Division of Securities and Retail Franchising ("Division") filed a Motion for Default. In support, the Division stated that the Defendant had not filed an answer or other responsive pleading to the Amended Rule. The Division provided legal authority for the Commission to enter a default judgment and provided a sworn affidavit and supporting exhibits from Stephen A. Arrighi, investigator with the Division, as well as evidence to establish proper service of the Amended Rule. Additionally, the Division requested that the Hearing Examiner: (i) grant the Motion for Default Judgment; (ii) recommend to the Commission that the Commission enter a Judgment Order finding the Defendant in default and imposing a $25,000 monetary penalty for each violation of the Act for a total of $100,000; and (iii) recommend to the Commission that the Defendant be assessed the costs of investigation in the amount of $8,216.

An evidentiary hearing on the Amended Rule was convened on October 13, 2010. The Division was represented by its counsel, Debra M. Bollinger, Esquire. The Defendant failed to appear after receiving notice of the hearing. The proof of service of the Amended Rule was offered into the record as an exhibit. The Division presented the testimony of Stephen A. Arrighi along with documentary proof to provide the facts necessary to prove the allegations set forth in the Amended Rule.

On October 22, 2010, the Hearing Examiner issued her Report. In her Report, she found that: (i) the testimony and documentary evidence submitted by the Division proved by clear and convincing evidence the Defendant committed two (2) violations of § 13.1-560 of the Act by selling unregistered franchises and committed two (2) violations of § 13.1-563 of the Act by making material misrepresentations associated with the sale of two (2) franchises; (ii) the Motion for Default Judgment should be granted; (iii) the Defendant should be fined Twenty-five Thousand Dollars ($25,000) for each violation of the Act, for a total of One Hundred Thousand Dollars ($100,000). The penalty would be waived if the Defendant pays restitution within a reasonable amount of time, such as sixty (60) days from the date of entry of this Order, to the investors as follows: Bernard Mitchell - $10,000; and Ford Pham - $13,000; and (iv) the Commission should enter an order adopting the findings of the Report. Additionally, the Report allowed the Defendant twenty-one (21) days in which to provide comments. The Defendant did not file comments.

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

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the October 22, 2010, Hearing Examiner's Report are hereby adopted.

(2) In accordance with the Commission's regulatory duties and powers pursuant to § 13.1-570 of the Act, judgment is entered for the Commonwealth against the Defendant in the amount of One Hundred Thousand Dollars ($100,000.). The penalty will be waived if the Defendant pays restitution within sixty (60) days of the date of this Order to the investors as follows: Bernard Mitchell - $10,000; and Ford Pham - $13,000.

(3) In accordance with the Commission's regulatory duties and powers pursuant to § 13.1-567 of the Act, the Defendant shall pay Eight Thousand Two Hundred Sixteen Dollars ($8,216) to the Division for its costs of investigation.

(4) The Defendant is permanently enjoined from violating the Act in the future.

CASE NO. SEC-2010-00038
JULY 2, 2010

COMMONWEALTH OF VIRGINIA, *ex. rel.*
STATE CORPORATION COMMISSION
v.
JAY P. MECHLING,
Defendant

FINAL ORDER

On November 15, 1982, the State Corporation Commission ("Commission") entered a Temporary Injunction and Order to Show Cause against Robco Oil, Inc. ("Robco") and Jay P. Mechling ("Mechling"). The Rule, among other things, alleged that the Defendants violated §§ 13.1-504 and 13.1-507 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia.

On March 2, 1983, the Commission entered a Judgment of Compromise and Settlement ("Settlement") in Case No. SEC-1982-00044. The Settlement, among other things, required that Mechling be permanently enjoined from transacting business in the Commonwealth as an agent unless he is so registered under the Act or if the transaction is exempt under the Act. Additionally, he was permanently enjoined from offering or selling in the Commonwealth any security of Robco or any other security unless the securities are registered under the Act or if the securities are exempt under the Act.

On July 19, 1984, the Commission issued a Rule to Show Cause ("Rule") against Mechling in Case No. SEC-1984-00010. The Rule, among other things, alleged that Mechling had violated the terms of the Settlement in Case No. SEC-1982-00044. Additionally, the Rule scheduled the matter for hearing on September 10, 1984, and ordered Mechling to appear and show cause why sanctions should not be imposed for his failure to abide by the terms of the Settlement.

A hearing on the Rule was convened as scheduled. The Division was represented by its counsel. Mechling failed to appear at the hearing.

On October 26, 1984, the Commission entered a Final Order and Judgment ("Final Order") against Mechling. In the Final Order, based upon the evidence presented, the Commission found and ordered that: (1) the Rule was duly served upon Mechling; (2) Mechling sold unregistered securities to Virginia residents subsequent to, and in violation of, the Settlement entered in Case No. SEC-1982-00044; (3) Mechling be permanently enjoined from directly or indirectly offering for sale and/or selling any security in the Commonwealth of Virginia; (4) Mechling be penalized in the amount of Forty-five Thousand Dollars ($45,000); and (5) in addition to the penalty, Mechling be fined in the amount of One Hundred Forty-six Thousand Dollars ($146,000).

On April 16, 2010, Mechling filed a Petition with the Commission in this case. In his Petition, Mechling stated that he became employed with Robco shortly after graduating from college and he had been assured by principals of Robco that he did not need a securities license. Mechling also stated that he had been employed by Robco less than five months prior to the institution of Case No. SEC-1982-00044. He stated that he had relied upon assurances from Robco's counsel that all matters relating to the proceeding in the Commission had been resolved and he was free to resume sales to existing clients, not potential new clients. Mechling further stated, and provided documentation that, he had been told by Robco that he would have legal representation at the hearing in Case No. SEC-1984-00010, but that the lawyer did not appear as promised and the lawyer Mechling obtained to appeal the decision in this case after Mechling learned of the decision in the case did not file an appeal. Additionally, Mechling stated that he never intended to sell

securities in Virginia without being duly licensed and never intended to violate any order or injunction issued by the Commission. It was also noted that Mechling has been working in the securities industry outside of the Commonwealth of Virginia since the entry of the Final Order, and has had no other securities related disciplinary actions against him in that time. Mechling requested that the Commission vacate the injunction ordered in the Settlement, reduce the amount of the penalty and fine in the Final Order to the $10,000 tendered to the Division of Securities and Retail Franchising ("Division"), and grant such other further relief as is necessary and proper.

The Division conducted an investigation of Mechling and into the allegations set out in the Petition. The investigation confirmed the veracity of the allegations set out in the Petition, and the Division does not oppose the relief requested in the Petition.

NOW THE COMMISSION, upon consideration of the record and the recommendation of the Division, is of the opinion and finds that good cause has been shown to grant the relief requested in the Petition.

Accordingly, IT IS ORDERED THAT:

(1) The permanent bar from participation in the securities industry set forth in the Settlement and Final Order is hereby lifted and is of no further effect;

(2) The penalty and fine amount of the Final Order is reduced to the amount of Ten Thousand Dollars ($10,000) and is hereby satisfied; and

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

CASE NO. SEC-2010-00041
APRIL 30, 2010

APPLICATION OF
CHURCH EXTENSION INVESTORS FUND, INC.

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia, as amended

ORDER OF EXEMPTION

This matter came before the State Corporation Commission ("Commission") for consideration upon the written application of Church Extension Investors Fund, Inc. ("CEIF") which the Commission received on March 30, 2010, together with attached exhibits. Such application requested that Foundation Certificates, Building Fund Certificates, Term Certificates, Charitable Gift Certificates, and Institutional Certificates (collectively, the "Certificates") be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code of Virginia, and that certain officers of CEIF be exempted from the agent registration requirements of the Act.

Based on the information submitted, the following facts appear to exist, in addition to others not enumerated herein: (i) CEIF is a non-stock Illinois corporation operating not for private profit but exclusively for religious purposes; (ii) CEIF intends to offer and sell the Certificates as a continuous offering with a total offering amount of Thirty Million Dollars ($30,000,000), on terms and conditions more fully described in the offering circular which was filed as a part of the application; and (iii) these securities are to be offered and sold by officers of CEIF, who will not be compensated for their sales efforts, and may also be offered and sold by broker-dealers so registered under the Act.

Based on the facts asserted by CEIF in the written application and exhibits, and pursuant to § 13.1-514.1 B of the Act, and upon the recommendation of the Division of Securities and Retail Franchising, the Commission is of the opinion and does hereby ADJUDGE AND ORDER that the securities described above are exempted from the securities registration requirements of the Act. IT IS FURTHER ORDERED that the officers of CEIF are exempted from the agent registration requirements of said Act.

CASE NO. SEC-2010-00042
APRIL 30, 2010

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, as amended

ORDER OF EXEMPTION

This matter came before the State Corporation Commission ("Commission") for consideration upon the written application of Mission Investment Fund of the Evangelical Lutheran Church in America ("Mission Fund") which the Commission received on March 31, 2010, together with attached exhibits. Such application requested that the MissionTermSelect-adjustable rate debt obligations, MissionTermSelect-fixed rate debt obligations, MissionTermSelect/Grand-fixed rate debt obligations, MissionFuture4KIDZ debt obligations, MissionPlus debt obligations, and MissionFirst debt obligations (collectively, the "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, and that certain agents of Mission Fund be exempted from the agent registration requirements of the Act.

Based on the information submitted, the following facts appear to exist, in addition to others not enumerated herein: (i) Mission Fund is a non-stock Minnesota corporation operating not for private profit but exclusively for religious purposes; (ii) Mission Fund intends to offer and sell the Mission Investments as a continuous offering with a total offering amount of Three Hundred Fifty Million Dollars ($350,000,000), on terms and conditions more

fully described in the offering circular which was filed as a part of the application; and (iii) these securities are to be offered and sold by registered agents of Mission Fund, who will not be compensated for their sales efforts, and may also be offered and sold by broker-dealers so registered under the Act.

Based on the facts asserted by Mission Fund in the written application and exhibits, and pursuant to § 13.1-514.1 B of the Act, and upon the recommendation of the Division of Securities and Retail Franchising, the Commission is of the opinion and does hereby ADJUDGE AND ORDER that the securities described above are exempted from the securities registration requirements of the Act. IT IS FURTHER ORDERED that certain agents of Mission Fund identified in the application are exempted from the agent registration requirements of said Act.

CASE NO. SEC-2010-00050
MAY 18, 2010

APPLICATION OF
THE FREE METHODIST FOUNDATION

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia, as amended

ORDER OF EXEMPTION

This matter came before the State Corporation Commission ("Commission") for consideration upon the written application of The Free Methodist Foundation ("FMF") which the Commission received on April 12, 2010, together with attached exhibits. Such application requested that Flexible Certificates, Term Certificates, Series F Institutional Certificates, and Series P Institutional Certificates (collectively, the "Certificates") be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code of Virginia, and that certain officers and employees of FMF be exempted from the agent registration requirements of the Act.

Based on the information submitted, the following facts appear to exist, in addition to others not enumerated herein: (i) FMF is a non-stock Oklahoma corporation operating not for private profit but exclusively for religious, charitable, and educational purposes; (ii) FMF intends to offer and sell the Certificates as a continuous offering with a total offering amount of Fifty-five Million Dollars ($55,000,000), on terms and conditions more fully described in the offering circular which was filed as a part of the application; and (iii) these securities are to be offered and sold by officers and employees of FMF, who will not be compensated for their sales efforts, and may also be offered and sold by broker-dealers so registered under the Act.

Based on the facts asserted by FMF in the written application and exhibits, and pursuant to § 13.1-514.1 B of the Act, and upon the recommendation of the Division of Securities and Retail Franchising, the Commission is of the opinion and does hereby ADJUDGE AND ORDER that the securities described above are exempted from the securities registration requirements of the Act. IT IS FURTHER ORDERED that the officers and employees of FMF are exempted from the agent registration requirements of said Act.

CASE NO. SEC-2010-00062
SEPTEMBER 23, 2010

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
DAVENPORT & COMPANY LLC,
Defendant

SETTLEMENT ORDER

Davenport & Company LLC ("Defendant") is a broker-dealer registered in the Commonwealth of Virginia;

The Division of Securities and Retail Franchising ("Division") of the State Corporation Commission ("Commission") has conducted an investigation of the Defendant's activities in connection with certain of its sales practices regarding the marketing and sale of auction rate securities during the period of approximately January 1, 2006, through February 13, 2008; and

The Defendant has cooperated with the Division in its investigation by self-reporting the offer and sale of auction rate securities and responding to inquiries, making members of the firm available to answer questions, providing documentary evidence and other materials, and providing the Division with access to facts relating to the investigation. The Defendant was not an underwriter of any auction rate securities, but rather acted as a downstream broker distributing auction rate securities underwritten by other companies as one of many products available to its clients.

In February of 2008, underwriting firms for auction rate securities stopped supporting auctions. Without the benefit of "cover" bids, the ARS market collapsed, leaving certain investors who had been led to believe that these securities were liquid, safe investments appropriate for managing short-term cash needs, holding long-term or perpetual securities that could not be sold at par value until and if the auctions cleared again.

Upon learning of the collapse of the auction rate securities market on February 13, 2008, the Defendant made significant efforts to communicate with affected investors about the issues related to the collapse, and the options for liquidity available to investors. The Defendant voluntarily provided liquidity to all auction rate securities investors that requested help with access to liquid assets while the auction rate securities market remained illiquid.

Since that time, the underwriters of the auction rate securities sold by the Defendant have made significant repurchases of outstanding auction rate securities. On December 15, 2009, the Defendant announced an Offer to Purchase for Cash Any and All Outstanding Eligible Securities from Eligible Holders at Par by Davenport & Company, LLC ("Offer to Purchase"), offering a full buyout of auction rate securities that had not been subject to a

repurchase by the underwriters. The Defendant offered to buy outstanding auction rate securities from the investors accounts at par value and carry them on the firm's own account, thereby providing immediate liquidity for any and all outstanding auction rate securities. This offer will remain open through December 27, 2010.

Based on an investigation conducted by the Division, it is alleged that the Defendant violated Commission Rules 21 VAC 5-20-260 A and B and 21 VAC 5-20-280 A 3 when the Defendant's registered representatives allegedly did not provide all of its customers with adequate and complete disclosures regarding the complexity of the auction process and the risks associated with auction rate securities, including the circumstances under which an auction could fail, and that the Defendant's registered representatives allegedly did not adequately disclose to all of its customers that the customer's ability to liquidate the auction rate securities depended on the willingness of other investors to buy the instruments at an auction.

If the standards of the statute are met, the Commission is authorized by § 13.1-506 of the Virginia Securities Act ("Act") to revoke the Defendant's registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose certain monetary penalties, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

The Defendant neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Settlement Order (also referred to, in the alternative, as "Order").

In order to settle all matters arising from these allegations, the Defendant will abide by and comply with the following terms and undertakings:

1. This Order concludes the investigation by the Commission and any other action that the Commission could commence under applicable Virginia law on behalf of the Commonwealth of Virginia as it relates to the Defendant, concerning the marketing and sales of auction rate securities by the Defendant, provided, however, that excluded from and not covered by this paragraph are any claims by the Commission arising from or relating to the enforcement of this Order in the event the Defendant fails to abide by the terms hereunder. The Commission reserves the right to investigate and commence any proceeding it deems appropriate, in its sole discretion, relating in any way to any customer who requested a repurchase from the Defendant pursuant to the terms and conditions of its Auction Rate Securities Offer to Purchase ("Offer to Purchase"), as defined below, and who purchased auction rate securities from the Defendant pursuant to the terms and conditions prior to February 11, 2008, and held in certain customer accounts as of September 18, 2008, if the Defendant failed to accommodate such customer's repurchase request. For purposes of the Offer to Purchase, "customer" shall mean individuals (including any IRAs), a charity, a 501(c)(3) or 501(c)(4) nonprofit company, and small to medium-sized business having with the Defendant on account or affiliated accounts of $10 million or less, an advisory account with the Defendant held by an investment advisory client, or on account with the Defendant held by and in the name of the retirement plan, except for current or former associated persons of the Defendant.

2. The Defendant will abide by the terms and conditions of its Offer to Purchase on file with the Division.

3. For any customer who was eligible for the Offer to Purchase but sold their securities under par prior to when the Offer to Purchase was made, the Defendant shall pay the customer the difference between par and the price at which the customer sold the auction rate securities subject to the Offer to Purchase plus reasonable interest thereon ("Below Par Seller"). The Defendant shall promptly pay any such Below Par Seller identified thereafter.

4. The Defendant shall have made its best efforts to identify customers who were eligible for the Offer to Purchase and took out loans from the Defendant after February 11, 2008, that were secured by the customer's auction rate securities that were not successfully auctioning at the time the loan was taken out from the Defendant and paid interest associated with the auction rate securities based on a portion of those loans in excess of the total interest and dividends received on the auction rate securities during the duration of the loan. The Defendant shall reimburse such customers promptly for the excess expense, plus reasonable interest thereon.

5. With respect to the customers who were eligible for the Offer to Purchase, the Defendant consents to participate in a special arbitration ("Arbitration") for the exclusive purpose of arbitrating any such customer's consequential damages claim arising from the customer's inability to sell auction rate securities. The Arbitration will be conducted by a single public arbitrator (as defined by Section 12100(u) of the Financial Industry Regulatory Authority Code of Arbitration Procedures for Customer Disputes):

a. The Defendant will pay all applicable forum and filing fees. Customers may seek recovery for their attorneys' fees to the same extent that they may under standard arbitration procedures;

b. Any customer who chooses to pursue such claims in the Arbitration shall bear the burden of proving that they suffered consequential damages and that such damages were caused by their inability to access funds invested in auction rate securities;

c. In the Arbitration, the Defendant shall be able to defend itself against such claims, provided, however, that the Defendant shall not contest liability for the illiquidity of the underlying auction rate securities or use as part of its defense any decision by a customer not to borrow money from the Defendant; and

d. All customers who avail themselves of the relief provided pursuant to this Order, may pursue any remedies against the Defendant available under the law. However, customers that elect to utilize the Arbitration process set forth above are limited to the remedies available in that process and may not bring or pursue a claim relating to customers in another forum.

6. Within forty-five (45) days of the end of each month beginning with a report covering the month ended one month after the date of the entry of this Order and continuing through and including a report detailing the month ended December 31, 2010, the Defendant will submit a monthly written report to the Division detailing (i) in its first report, customers identified pursuant to Paragraphs 2, 3, 4, and 5 of this Order; and (ii) thereafter, any changes from the immediately preceding report.

7. Except as expressly provided in this Order, for any person or entity not a party to this Order, this Order does not limit or create any private rights or remedies against Davenport, limit or create liability of Davenport, or limit or create defenses of Davenport to any claims. Unless applicable law provides otherwise, by entering into this Order, the Commission does not waive any rights any departments, agencies, boards, commissions, authorities, political subdivisions and corporations of the Commonwealth of Virginia other than the Commission may have under applicable law, to the extent any such

rights exist, to assert a claim, cause of action, or application for compensatory, nominal and/or punitive damages, administrative, civil, criminal, or injunctive relief against Davenport in connection with the marketing of ARS by Davenport.

For purposes of this Settlement Order, the Defendant represents in good faith to the Commission that to the best of the Defendant's knowledge, it has already fully complied with the terms and undertakings in Paragraph 2 and all customers' holdings in auction rate securities are eligible for the Offer to Purchase, no sale of auction rate securities at Davenport or known to Davenport occurred below par pursuant to Paragraph 3, and no customer was charged interest on a loan in excess of the total interest and dividends received on the auction rate securities for the duration of the loan pursuant to Paragraph 4.

The Defendant will comply with the Act and with the regulations adopted by the Commission.

Accordingly, IT IS ORDERED THAT:

(1) Based upon the Division's recommendation, the settlement of the matter set forth is hereby accepted;

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

(3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendant's failure to comply with the terms and undertakings of the settlement.

CASE NOS. SEC-2010-00072 AND SEC-2010-00073
OCTOBER 29, 2010

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
UBS FINANCIAL SERVICES, INC.
and
MARK CHRISTOPHER HUGHES,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that UBS Financial Services, Inc. ("UBS") and Mark Christopher Hughes ("Hughes") (collectively, "Defendants"): (i) violated Securities Rule 21 VAC 5-20-280 A (3), in that UBS, through Hughes, sold shares of leveraged, exchange traded fund securities to two (2) Virginia investors when the products were not suitable given the customers' objectives, financial situation, risk tolerance, experience, and needs; (ii) UBS violated Securities Rule 21 VAC 5-20-260 B by failing to exercise diligent supervision over the securities activities of its agent, Hughes; and (iii) Hughes violated Securities Rule 21 VAC 5-20-280 B (6), as referenced in Securities Rule 21 VAC 5-20-280 A (3), by recommending to customers the purchase, sale or exchange of any security without reasonable grounds to believe that the recommendation is suitable for the customers based upon reasonable inquiry concerning the customers' investment objective, financial situation, risk tolerance and needs, and any other relevant information known by the broker-dealer.

If the standards of the statute are met, the State Corporation Commission ("Commission") is authorized by § 13.1-506 of the Virginia Securities Act ("Act") to revoke the Defendants' registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose certain monetary penalties, by § 13.1-521 C of the Act to order the Defendants to make rescission and restitution, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

The Defendants neither admit nor deny these allegations but admit to the Commission's jurisdiction and authority to enter this Settlement Order.

As a proposal to settle all matters arising from these allegations, the Defendants have made an offer of settlement to the Commission wherein the Defendants will abide by and comply with the following terms and undertakings:

(1) The Defendants will pay to the Treasurer of the Commonwealth of Virginia, contemporaneously with the entry of this Order, the amount of Five Thousand Dollars ($5,000) to defray the costs of investigation.

(2) In lieu of penalties, the Defendants have paid restitution in separate claims arising from the two (2) Virginia investors, in the amounts of $500,000 and $120,000, respectively.

(3) UBS will place Hughes under heightened supervision for a period of at least one (1) year from the date of entry of this Order. The plan of supervision is attached hereto as Attachment A.

Entry of this Order will have no effect on Hughes's registration.

The Division has recommended that the Commission accept the offer of settlement of the Defendants.

The Commission, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Division, is of the opinion that the Defendants' offer should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendants in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) The Defendants fully comply with the aforesaid terms and undertakings of this settlement; and

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

Dismissal of this case does not relieve the Defendants from their reporting obligations to any regulatory authority.

NOTE: A copy of Attachment A entitled "Plan of Supervision" 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-2010-00078
AUGUST 3, 2010

APPLICATION OF
NANSEMOND RIVER BAPTIST CHURCH

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

ORDER OF EXEMPTION

THIS MATTER came before the State Corporation Commission ("Commission") for consideration by written application received March 15, 2010, with exhibits attached thereto, as subsequently amended, of Nansemond River Baptist Church ("Nansemond"), requesting that First Mortgage Bonds ("Bonds") be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia.

BASED UPON THE INFORMATION submitted, the following facts, in addition to others not enumerated herein, appear to exist: Nansemond is a Virginia corporation operating not for private profit but exclusively for religious, charitable, and educational purposes; Nansemond intends to offer and sell the Bonds in an approximate aggregate amount of up to $1,600,000 on terms and conditions as more fully described in the prospectus filed as a part of the application; and said securities are to be offered and sold by a registered broker-dealer.

Based on the facts asserted by Nansemond in the written application and exhibits, and pursuant to § 13.1-514.1 B of the Act, and upon the recommendation of the Division of Securities and Retail Franchising, the Commission is of the opinion and does hereby ADJUDGE AND ORDER that the securities described above are exempted from the securities registration requirements of the Act.

CASE NO. SEC-2010-00079
AUGUST 3, 2010

APPLICATION OF
HANOVER EVANGELICAL FRIENDS CHURCH

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

ORDER OF EXEMPTION

THIS MATTER came before the State Corporation Commission ("Commission") for consideration by written application received May 21, 2010, with exhibits attached thereto, as subsequently amended, of Hanover Evangelical Friends Church ("HEFC"), requesting that First Mortgage Bonds ("Bonds") be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia.

BASED UPON THE INFORMATION submitted, the following facts, in addition to others not enumerated herein, appear to exist: HEFC is a Virginia corporation operating not for private profit but exclusively for religious, charitable, and educational purposes; HEFC intends to offer and sell the Bonds in an approximate aggregate amount of up to $1,350,000 on terms and conditions as more fully described in the prospectus filed as a part of the application; and said securities are to be offered and sold by a registered broker-dealer.

Based on the facts asserted by HEFC in the written application and exhibits, and pursuant to § 13.1-514.1 B of the Act, and upon the recommendation of the Division of Securities and Retail Franchising, the Commission is of the opinion and does hereby ADJUDGE AND ORDER that the securities described above are exempted from the securities registration requirements of the Act.

CASE NO. SEC-2010-00081
AUGUST 26, 2010

APPLICATION OF
FIRST BAPTIST CHURCH, SOUTH HILL, VIRGINIA

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

ORDER OF EXEMPTION

THIS MATTER came before the State Corporation Commission ("Commission") for consideration by written application received May 18, 2010, with exhibits attached thereto, as subsequently amended, of First Baptist Church, South Hill, Virginia ("FBC"), requesting that First Mortgage Bonds ("Bonds") be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia.

BASED UPON THE INFORMATION submitted, the following facts, in addition to others not enumerated herein, appear to exist: FBC is an unincorporated Virginia organization formed exclusively for religious and educational purposes; FBC intends to offer and sell the Bonds in an approximate aggregate amount of up to $1,400,000 on terms and conditions as more fully described in the Prospectus filed as a part of the application; and said securities are to be offered and sold by Rives, Leavell & Co., a broker-dealer registered in the Commonwealth of Virginia.

Based on the facts asserted by FBC in the written application and exhibits, and pursuant to § 13.1-514.1 B of the Act, and upon the recommendation of the Division of Securities and Retail Franchising, the Commission is of the opinion and does hereby ADJUDGE AND ORDER that the securities described above are exempted from the securities registration requirements of the Act.

CASE NO. SEC-2010-00087
OCTOBER 12, 2010

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 the Lutheran Church Extension Fund-Missouri Synod ("LCEF"), which the Commission received on August 26, 2010, with attached exhibits. The application requested that the notes, Dedicated Certificates, Family Emergency StewardAccount Certificates, StewardAccount Certificates, FlexPlus Certificates, Fixed-Rate Term Notes, Floating-Rate Term Notes, Congregation Demand Certificates, Congregation StewardAccount Certificates, Congregation Cemetery Perpetual Care StewardAccount Certificates, Congregation Fixed-Rate Endowment Certificates, Congregation Floating-Rate Endowment Certificates, K.I.D.S. Stamps, and Next Generation 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 of LCEF be exempted from the agent registration requirements of the Act.

Based upon the information submitted, the following facts appear to exist, in addition to others not enumerated herein: (i) the LCEF is a Missouri corporation operating not for private profit but exclusively for religious, charitable, and educational purposes; (ii) the LCEF intends to offer and sell $75,000,000 of the Notes in a continuous offering on terms and conditions as more fully described in the Offering Circular filed as a part of the application; (iii) the Notes are to be offered and sold by officers of LCEF who will not be compensated for the offers and sales of the Notes; and (iv) LCEF will discontinue issuer transactions for all other securities previously exempted by Commission Order, Case No. SEC-2009-00111.

Based on the facts asserted by the LCEF in the written application and exhibits, and pursuant to the provisions of § 13.1-514.1 B of the Act, and upon the recommendation of the Division of Securities and Retail Franchising, the Commission is of the opinion and does hereby ADJUDGE AND ORDER that, the securities described above are exempt from the securities registration requirements of the Act, and the officers of LCEF are exempt from the agent registration requirements of § 13.1-504 A of the Act.

CASE NO. SEC-2010-00089
OCTOBER 29, 2010

APPLICATION OF
WELS CHURCH EXTENSION FUND, INC.

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

ORDER OF EXEMPTION

THIS MATTER came before the State Corporation Commission ("Commission") for consideration by written application received September 28, 2010, with exhibits attached thereto, of WELS Church Extension Fund, Inc. ("WELS"), requesting that: Loan Certificates, Savings Certificates and Retirement/IRA Certificates (collectively "Certificates"), be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia and that certain officers and employees of WELS be exempted from the agent registration requirements of the Act.

BASED UPON THE INFORMATION submitted, the following facts, in addition to others not enumerated herein, appear to exist: (i) WELS is a Wisconsin nonstock corporation operating not for private profit but exclusively for religious, charitable, and educational purposes; (ii) WELS intends to offer and sell the Certificates in an approximate aggregate amount of up to $60,000,000 on terms and conditions as more fully described in the Offering Circular filed as a part of the application; and (iii) said securities are to be offered and sold by officers and employees of WELS who will not be compensated for their sales efforts.

THE COMMISSION, based on the facts asserted by WELS in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, is of the opinion and finds, and does hereby 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 WELS are exempt from the agent registration requirements of § 13.1-504 of the Act.

DIVISION OF UTILITY AND RAILROAD SAFETY

CASE NO. URS-2009-00043
JUNE 25, 2010

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

ORDER OF SETTLEMENT

The federal pipeline safety statutes found at 49 U.S.C. § 60101 *et seq.* ("Act"), formerly the Natural Gas Pipeline Safety Act, require the Secretary of Transportation ("Secretary") to establish minimum federal safety standards for the transportation of gas and pipeline facilities. The Secretary is further authorized to delegate to an appropriate state agency the authority to prescribe safety standards and enforce compliance with such standards over gas pipeline facilities used for intrastate transportation.

The State Corporation Commission ("Commission") has been designated as the appropriate state agency for the Commonwealth of Virginia to prescribe and enforce compliance with standards for gas pipeline facilities used for intrastate transportation. In Case No. PUE-1989-00052, the Commission adopted Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations to serve as minimum gas pipeline safety standards ("Safety Standards") in Virginia. The Commission is authorized to enforce the Safety Standards for natural gas facilities under § 56-257.2 B of the Code of Virginia, which allows the Commission to impose the fines and penalties authorized therein.

The Commission's Division of Utility and Railroad Safety ("Division") is charged with the investigation of each jurisdictional gas company's compliance with the Safety Standards, has conducted various inspections of records, construction, operation, and maintenance activities involving Virginia Natural Gas, Inc. ("VNG" or "Company"), the Defendant, and alleges that:

(1) VNG is a person within the meaning of § 56-257.2 B of the Code of Virginia; and

(2) The Company violated the Commission's Safety Standards by the following conduct:

(a) 49 C.F.R. § 192.241 (a)(1) - Failing on one occasion to follow a qualified welding procedure, by not checking the voltage and amperage of a machine while performing a weld on a pipeline;

(b) 49 C.F.R. § 192.273 (b) - Failing on one occasion of Company contractor to make a joint in accordance with a written procedure by not verifying the proper temperature of the heating device performing the fusion as stated in Company Procedure, Division II, Section 10, Paragraph (g);

(c) 49 C.F.R. § 192.303 - Failing on one occasion of Company contractor to construct a main in accordance with comprehensive written specifications by not installing an anode 24 inches below the pipe;

(d) 49 C.F.R. § 192.303 - Failing on one occasion to have comprehensive written procedures or standards that delineated the proper sequence of anchoring and dewatering a pipeline to prevent damage and undue stresses during the construction process;

(e) 49 C.F.R. § 192.303 - Failing on one occasion to construct a pipeline in accordance with a comprehensive written specification by not applying an approved pipeline coating to a pipe joint with proper surface preparation;

(f) 49 C.F.R. § 192.303 - Failing on one occasion of Company contractor to construct a main in accordance with comprehensive written specifications by not utilizing the properly sized back reamer as stated in Company Procedure, Division I, Section 9.5.2;

(g) 49 C.F.R. § 192.303 - Failing on one occasion to construct a pipeline in accordance with a comprehensive written specification by not applying an approved pipeline coating to a pipe joint to the specified thickness;

(h) 49 C.F.R. § 192.307 - Failing on one occasion to install a service line that is free of defects;

(i) 49 C.F.R. § 192.319 (b)(2) - Failing on one occasion of Company contractor to backfill a gas main in a manner that prevents damage to the pipe and pipe coating from equipment or from the backfill material;

(j) 49 C.F.R. § 192.325 (b) - Failing on one occasion to install a main with enough clearance from any other underground structures to allow proper maintenance and to protect against damage that might result from proximity to other structures;

(k) 49 C.F.R. § 192.327 (b) - Failing on one occasion to install a main with a minimum of 24" of cover;

(l) 49 C.F.R. § 192.353 (a) - Failing on four occasions to install a meter in a location that is protected from vehicular damage that may be anticipated;

(m) 49 C.F.R. § 192.355 (b)(2) - Failing on one occasion of Company contractor to install a service regulator at a place where gas from the vent can escape freely away from any opening in the building;

(n) 49 C.F.R. § 192.357 (a) - Failing on two occasions to install a meter in a manner to minimize anticipated stress upon the connecting piping;

(o) 49 C.F.R. § 192.605 (a) - Failing on one occasion of Company contractor to follow Company Procedure, Division I, Section 2.19, and the Virginia Underground Utility Damage Prevention Act 56-265.17(A), by excavating without a Miss Utility ticket;

(p) 49 C.F.R. § 192.605 (a) - Failing on one occasion to follow a written procedure by not having a fire extinguisher located at construction and maintenance work as stated in Company Procedure, Division IV, Section 6.2.4, developed to comply with §192.751(a);

(q) 49 C.F.R. § 192.605 (b)(3) - Failing on two occasions to make accurate construction records, maps, and operating history available to appropriate operating personnel;

(r) 49 C.F.R. § 192.605 (a) - Failing on one occasion to follow a written procedure as stated in Company Procedure, Division II, Section 19.2.2, by not determining if a hazardous atmosphere exists before entering an excavation;

(s) 49 C.F.R. § 192.605 (a) - Failing on one occasion to follow a written procedure by not inspecting a relief valve for proper installation as stated in Company Procedure, Division II, Section 12.1.1(d);

(t) 49 C.F.R. § 192.605 (a) - Failing on one occasion of Company contractor to follow Company Procedure 6.2.1 "Prevention of Accidental Ignition" by smoking cigarettes in an excavation while working on a Company facility;

(u) 49 C.F.R. § 192.605 (a) - Failing on one occasion to follow Company Procedure 6.3 "Working in Confined Spaces" by not utilizing life protection equipment such as a lifeline and breathing apparatus in an oxygen deficient excavation;

(v) 49 C.F.R. § 192.605 (b) - Failing on one occasion to have adequate procedures for squeezing off a pipeline by not specifying the distance a squeeze off can be from any fusion joint, mechanical connection, prior squeeze off point, or second squeeze off point;

(w) 49 C.F.R. § 192.605 (b) - Failing on one occasion to have adequate procedures for the use of a mechanical weak link during installation of plastic pipe;

(x) 49 C.F.R. § 192.605 (b)(8) - Failing on two occasions to have adequate procedures for periodically reviewing the work done by operator personnel to determine the effectiveness and adequacy of the procedures by not specifying a time frame for such review in Company Procedure, Division I, section 1.4, for the periodic review of procedures;

(y) 49 C.F.R. § 192.614 (a) - Failing on three occasions to follow a written program to prevent damage to a pipeline from excavation activities as stated in § 192.614(c)(5) by not providing for temporary markings of the pipeline;

(z) 49 C.F.R. § 192.614 (c)(6)(i) - Failing on one occasion to inspect pipelines as frequently as necessary to verify their integrity;

(aa) 49 C.F.R. § 192.739 (a) - Failing on one occasion to inspect each pressure limiting station, relief device, and pressure regulating station and its equipment at intervals not exceeding 15 months, but at least once each calendar year;

(bb) 49 C.F.R. § 192.805 - Failing on one occasion to have in its written qualification program, specifications for the distance a squeeze off can be from any fusion joint, mechanical connection, prior squeeze off point, or second squeeze off point;

(cc) 49 C.F.R. § 192.805 - Failing on one occasion to have in its written qualification program, specifications for the proper use of a mechanical weak link during installation of plastic pipe;

(dd) 49 C.F.R. § 192.805 (b) - Failing on two occasions to ensure through evaluation that individuals are qualified to react to an abnormal operating condition relative to the retrieval of a lost coupon while conducting steel pipeline tapping operations;

(ee) 49 C.F.R. § 192.907 (a) - Failing on one occasion to have written procedures for the examination, grading, and remediation of anomalies discovered in the integrity management process as required by §192 Subpart O;

(ff) 49 C.F.R. § 192.907 (a) - Failing on one occasion to follow a written integrity management program developed to comply with § 192.485, by not determining the remaining strength of the pipeline after field examination;

(gg) 49 C.F.R. § 192.907 (a) - Failing on one occasion to follow a written integrity management program developed to comply with Subpart O, by not providing a schedule for evaluation and remediation;

(hh) 49 C.F.R. § 192.907 (a) - Failing on one occasion to follow a written integrity management program developed to comply with § 192.713, by not providing design and installation procedures for anomaly repair;

(ii) 49 C.F.R. § 192.911 (b) - Failing on one occasion to follow a written integrity management program developed to comply with § 192.921(A)(1), by not having procedures for internal inline inspection;

(jj) 49 C.F.R. § 192.911 (e) - Failing on one occasion to have a comprehensive integrity management program that contains adequate provisions meeting the requirements of § 192.933 for remediating conditions found during integrity assessment;

(kk) 49 C.F.R. § 192.915 - Failing on one occasion to provide qualified personnel to conduct integrity assessments, specifically NDE examinations by a person who was not at least a Level II certified technician; and

(ll) 49 C.F.R. § 192.933 (a) - Failing on two occasions to take prompt action to address all anomalous conditions discovered through the integrity assessments.

The Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters arising from the allegations made against it, VNG represents and undertakes that:

(1) The Company shall pay to the Commonwealth of Virginia the amount of Four Hundred Forty-eight Thousand Five Hundred Dollars ($448,500), of which Two Hundred Thousand Dollars ($200,000) shall be paid contemporaneously with the entry of this Order. The remaining Two Hundred Forty-eight Thousand Five Hundred Dollars ($248,500) shall be due as outlined in Undertaking Paragraph (6) herein, and may be suspended in whole or in part by the Commission, provided the Company timely takes the actions required in Undertaking Paragraphs (2) and (4) herein and tenders the requisite certification as required by Undertaking Paragraph (5) herein. The initial payment and any subsequent payments shall be made by check, payable to the Treasurer of Virginia, and directed to the attention of the Director, Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23218-1197.

(2) The Company shall undertake the following remedial actions:

Transmission Integrity Management

(a) On or before September 1, 2010, the Company shall revise its Transmission Integrity Management Program ("IMP") procedures to include methods and procedures to repair steel pipelines in accordance with ASME B 31.8. Among other things, repair methods shall be chosen by engineering analysis performed by VNG and consideration shall be given to the reduction of pipeline pressure during repair to ensure the safety and effectiveness of each type of repair.

(b) On or before September 1, 2010, the Company shall revise its IMP plan to require performing and evaluating any in-line inspections of pipelines in accordance with the American Petroleum Institute ("API") Standard 1163, and other applicable standards.

(c) On or before July 1, 2010, the Company shall host a Transmission Integrity Management best practice symposium to learn best practices in complying with the IMP regulations. The Company shall summarize the results and share them with the Division and the Virginia Pipeline industry by July 15, 2010.

(d) On or before July 1, 2010, the Company shall examine and repair the anomaly with identification number 4000116 on the Dig Site Information Report from Magpie Systems, Incorporated as required by ASME B 31.8 and API 5 L.

(e) On or before September 1, 2010, the Company shall create and fill a full time position to oversee its IMP and Distribution Integrity Management Program ("DIMP") processes (Compliance and System Integrity Manager). This individual shall report directly to the Vice President of Operations for the Company.

Quality Assurance

(f) On or before August 1, 2010, the Company shall implement a Distribution Quality Assurance program, acceptable to the Division, for the Company's employees who perform construction and maintenance activities.

(g) On or before October 1, 2010, the Company shall modify its construction record ("as-built") process to ensure it prepares and maintains accurate installation records of its underground utility lines. Additionally, the Company shall implement effective procedures to ensure its service card revision and updating process is accurate.

(h) On or before July 1, 2010, the Company shall begin revising its Operation and Maintenance Procedures ("O&M") to ensure it conforms to the requirements of API 1104 Appendix B whenever repairs are made to in-service transmission and distribution pipelines. As these procedures are revised, the Company shall train personnel and implement the procedures. The Company shall complete the training and implementation of these procedures by no later than December 31, 2010.

Damage Prevention

(i) On or before October 1, 2010, the Company shall employ a Damage Prevention Specialist and a Damage Prevention Analyst to augment audits of the Company's contract locator performance, increase the excavators' training and outreach, where deemed necessary and reasonable, and promptly address the "plant condition" reports.

(j) On or before August 1, 2010, the Company shall expand its damage prevention data gathering and analysis to determine undesirable trends and take actions to correct the reason behind those trends.

(k) On or before August 1, 2010, the Company shall purchase and begin using two Gas Trackers to assist in locating the "difficult to locate" facilities.

Meter Installation and Protection

(l) On or before September 1, 2010, the Company shall revise its construction procedures to require crews installing new meters to determine the need for, and install any meter protection necessary to prevent damage to the meter facilities, at the time of installation.

(m) On or before August 1, 2010, the Company shall begin a three-year program to inspect all meter sets to determine if meter protection is needed. For all meters identified as needing meter protection, the protection shall be installed within 60 days of the date of inspection. The Company shall submit a progress report to the Division no later than August 31st of each year of the three year period detailing the results of the inspections and the corrective actions for the previous 12 months ending July 31st.

(n) On or before December 31, 2010, the Company shall hold at least four (4) meetings with HVAC contractors and plumbers working in VNG's service area to educate them regarding the proper fuel line placements at structures, gas pipeline safety and damage prevention basics.

Training

(o) On or before July 1, 2010, the Company shall implement an Operation Risk Management Program to address threats, risks and hazards within its system. This program shall be submitted to the Division for review.

(p) On or before August 1, 2010, the Company shall begin delivering specific training to VNG and contractors' field employees to address Operator Qualification and pipeline safety issues noted by the most recent inspections conducted by the Division and the audits performed by VNG.

O&M Procedures

(q) On or before July 1, 2010, the Company shall begin developing and implementing detailed written procedures for the areas noted on Attachment A to this Order. As these procedures are revised, the Company shall train personnel and implement the procedures. The Company shall complete the training and implementation of these procedures by no later than March 31, 2011. A copy of the new procedures shall be submitted to the Division as they are prepared but no later than December 31, 2010.

Others

(r) On or before July 31, 2011, the Company shall take over the operation and maintenance of 10 gas master meter systems currently served by VNG. This is in addition to the 22 master meter systems VNG agreed to take over the operation in Case Nos. URS-2006-00581 and URS-2008-00003. At least 6 of the 10 master meter systems to be taken over must currently serve more than 100 units.

(s) On or before September 1, 2010, the Company shall conduct a study of a statistically valid sample of the 2009 non-hazardous leaks discovered on its system and devise a plan, acceptable to the Division, to reduce the frequency of such leaks. The plan shall be implemented by no later than July 1, 2011.

(t) The Company shall respond to all pipeline safety and damage prevention inquiries from the Division within times specified in such inquiries. The person normally responsible for responding to the Division's pipeline safety inquiries shall report directly to the Vice President of Operations for VNG.

(3) The Division advises that the Company has complied with the terms and undertakings outlined in Undertaking Paragraph (2)(c) above and has submitted documentation evidencing the completion of Undertaking Paragraph (2)(c) to the Division. The Division further advises that the Company has been cooperative with the Division's investigation and, that the Company represents that it is fully committed to complying with the Safety Standards.

(4) Beginning July 1, 2010, and each three months thereafter until August 15, 2011, or as otherwise required, VNG shall provide a written report to the Director of the Division, in a format acceptable to the Division, describing in detail the actions that it has taken, and the expenditures that it has made, to comply with the requirements of Undertaking Paragraph (2) above.

(5) On or before August 15, 2011, VNG 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 all of the remedial actions described in Undertaking Paragraph (2) above with the exception of the three-year program to inspect all meter sets described in Undertaking Paragraph (2)(m). The Company shall submit progress reports in accordance with Undertaking Paragraph (2)(m) through the completion of the program.

(6) Upon timely receipt of the affidavit required by Undertaking Paragraph (5) above, the Commission may suspend and subsequently vacate up to Two Hundred Forty-eight Thousand Five Hundred Dollars ($248,500) of the remaining amount set forth in Undertaking Paragraph (1) above. Should VNG fail to tender said affidavit or fail to take the actions required by Undertaking Paragraphs (2) and (4) above, a payment of Two Hundred Forty-eight Thousand Five Hundred Dollars ($248,500) 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) and (4) above. If, upon investigation, the Division determines that the reason for said failure justifies a payment lower than Two Hundred Forty-eight Thousand Five Hundred Dollars ($248,500), 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.

(7) The Company shall not seek to recover from ratepayers, in any present or future Commission proceeding, any of the costs incurred on or before July 31, 2011 in connection with the remedial actions required by Undertaking Paragraph (2) above, or otherwise defer such costs for future recovery from ratepayers.

(8) The Company shall not recover from ratepayers the costs associated with the investigation, repair and re-installation of the sections of the HRX pipeline known as the Middleground-Newport News Closure and the Anderson Park Closure that floated from August 17, 2009 through August 27, 2009, and August 17, 2009 through August 28, 2009, respectively.

(9) This settlement 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 this settlement prohibit the Company from submitting information contradicting or mitigating the information submitted by the Commission Staff.

(10) Any amounts paid to the Commonwealth of Virginia in accordance with this Order shall not be recovered in the Company's rates as part of VNG's cost of service. Any such amounts shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the journal entries made to record such amounts with the Commission's Division of Public Utility Accounting.

NOW THE COMMISSION, finding sufficient basis herein for the entry of this Order and in reliance on the Defendant's representations and undertakings set forth above, is of the opinion and finds that 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-2009-00043.

(2) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of compromise and settlement made by VNG be, and it hereby is, accepted.

(3) Pursuant to § 56-257.2 B of the Code of Virginia, VNG shall pay the amount of Four Hundred Forty-eight Thousand Five Hundred Dollars ($448,500), part of which may be suspended and subsequently vacated as provided in Undertaking Paragraph (1) above.

(4) The sum of Two Hundred Thousand Dollars ($200,000) tendered contemporaneously with the entry of this Order is accepted. The remaining Two Hundred Forty-eight Thousand Five Hundred Dollars ($248,500) is due as outlined herein and may be suspended and subsequently vacated, in whole or in part, provided the Company timely undertakes the actions required in Undertaking Paragraphs (2) and (4) above and files the timely certification of the remedial actions as required by Undertaking Paragraph (5) herein.

(5) The Company shall not recover the costs of the remedial actions described herein from the ratepayers except as provided in Undertaking Paragraph (7) above.

(6) The Company shall not recover any of the costs associated with the investigation, repair and re-installation of the section of the HRX pipeline known as the Middleground-Newport News Closure and the Anderson Park Closure that floated from August 17, 2009 through August 27, 2009, and August 17, 2009 through August 28, 2009, respectively.

(7) Pursuant to Undertaking Paragraph (9), 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.

(8) 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 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-2009-00265
FEBRUARY 8, 2010

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
PROMARK UTILITY LOCATORS, 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 ("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 31, 2009, and July 22, 2009, 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; and

(2) During the aforementioned period, the Company has violated the Act by the following conduct:

(a) Failing on certain occasions to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines in violation of § 56-265.19 A of the Code.

(b) Failing on certain occasions to mark within the time prescribed in the Act in violation of § 56-265.19 A of the Code.

(c) Failing on certain occasions to report to the notification center that lines had been marked or that they were not in conflict with the proposed excavation in violation of § 56-265.19 A and B of the Code.

(d) Failing on certain occasions to use all information necessary to mark their facilities accurately in violation of 20 VAC 5-309-110 M of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, which includes all probable violations presented to the Underground Utility Damage Prevention Advisory Committee, and set out in Attachment A hereto, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Twenty-three Thousand Four Hundred Fifty Dollars ($23,450), of which Fifteen Thousand Six Hundred Dollars ($15,600) shall be paid contemporaneously with the entry of this Order. The remaining Seven Thousand Eight Hundred Fifty Dollars ($7,850) may be vacated in whole by the Commission, provided the Company timely takes the actions required in Undertaking Paragraph (1) on pages 2 and 3. The initial payment and any subsequent payments 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.

(1) The Company shall undertake the following remedial actions:

(a) The Company shall centralize all quality assurance and compliance roles under a person employed as a safety professional for all areas within Virginia in which the Company operates.

(b) The Company shall hire an additional four (4) persons as Quality Control Inspectors for areas within Virginia in which the Company operates.

(c) The Company shall increase quality audits for areas within Virginia in which the Company operates by not less than 24%.

(d) The Company shall create a peer-group-based-locator forum and focus group to discuss quality issues and direct training efforts.

(e) The Company shall increase locating field personnel by not less than 20% in areas within Virginia in which the Company operates to better accommodate fluctuating ticket volumes.

(f) The Company shall enhance quality control systems for tickets related to Verizon Virginia Inc.'s Fiber Optic Service and Fiber To The Premises projects by:

(1) Creating a process by which all access issues and incorrect address information is emailed to project contractors on a daily basis, to include photographs and notes recorded by locating field personnel.

(2) All tickets responded to with a locator response code of ninety (90) or ninety-four (94) as defined in the Virginia Underground Utility Marking Standards (March 2004) published by the Division (http://www.scc.virginia.gov/urs/mutility/docs/va_uums.pdf) shall be reviewed and approved by a quality auditor before being transmitted to the notification center.

(2) The Company has fully complied with the terms and undertakings outlined in Undertaking Paragraph (1) above. Documentation evidencing compliance with these terms and undertakings has been submitted to the Division.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Fifteen Thousand Six Hundred Dollars ($15,600) tendered contemporaneously with the entry of this Order is accepted.

(3) The remaining Seven Thousand Eight Hundred Fifty Dollar ($7,850) balance of the Twenty-three Thousand Four Hundred Fifty Dollar ($23,450) civil penalty is vacated.

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

CASE NO. URS-2009-00326
FEBRUARY 11, 2010

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
ATMOS ENERGY CORPORATION,
Defendant

ORDER OF SETTLEMENT

The federal pipeline safety statutes found at 49 U.S.C. § 60101 et seq. ("Act"), formerly the Natural Gas Pipeline Safety Act, require the Secretary of Transportation ("Secretary") to establish minimum federal safety standards for the transportation of gas and pipeline facilities. The Secretary is further authorized to delegate to an appropriate state agency the authority to prescribe safety standards and enforce compliance with such standards over gas pipeline facilities used for intrastate transportation.

The State Corporation Commission ("Commission") has been designated as the appropriate state agency for the Commonwealth of Virginia to prescribe and enforce compliance with standards for gas pipeline facilities used for intrastate transportation. In Case No. PUE-1989-00052, the Commission adopted Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations to serve as minimum gas pipeline safety standards ("Safety Standards") in Virginia. The Commission is authorized to enforce the Safety Standards for natural gas facilities under § 56-257.2 B of the Code of Virginia, which allows the Commission to impose the fines and penalties authorized therein.

The Commission's Division of Utility and Railroad Safety ("Division") is charged with the investigation of each jurisdictional gas company's compliance with the Safety Standards, has conducted various inspections of records, construction, operation and maintenance activities involving Atmos Energy Corporation, ("Atmos" or "Company"), the Defendant, and alleges that:

(1) Atmos is a person within the meaning of § 56-257.2 B of the Code of Virginia; and

(2) The Company violated the Commission's Safety Standards by the following conduct:

(a) 49 C.F.R. § 192.605 (a) - Failing on three occasions to follow Company Procedure, Chapter 2, Service Procedures Leakage Investigation, by not bar holing to classify the severity of a leak when found;

(b) 49 C.F.R. § 192.703 (c) - Failing on three occasions to repair hazardous leaks promptly; and

(c) 49 C.F.R. § 192.605 (a) - Failing on one occasion to follow Company Procedure 26.4, developed to comply with 49 C.F.R. § 192.617, by not properly investigating the causes of a failure and minimizing the possibility of a recurrence.

The Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters arising from the allegations made against it, Atmos represents and undertakes that:

(1) The Company shall pay to the Commonwealth of Virginia the amount of One Hundred Fifty-five Thousand Five Hundred Dollars ($155,500), of which Forty-eight Thousand Eight Hundred Fifty Dollars ($48,850) shall be paid contemporaneously with the entry of this Order. The remaining One Hundred Six Thousand Six Hundred Fifty Dollars ($106,650) shall be due as outlined in Undertaking Paragraph (7) herein, and may be suspended and subsequently vacated in whole or in part by the Commission, provided the Company timely takes the actions required by Undertaking Paragraph (2) herein and tenders the requisite certifications as required by Undertaking Paragraphs (5) and (6) herein. The initial payment and any subsequent payments shall be made by check, payable to the Treasurer of Virginia, and directed to the attention of the Director, Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23218-1197.

(2) The Company shall undertake the following remedial actions:

(a) Conduct at least one formal training class for the Company's locators and employees involved in grading and repairing leaks in Virginia, on or before March 12, 2010.

(b) Replace the approximately 8,700 feet of cast iron pipe the Company operates in Virginia on or before December 31, 2012.

(c) Replace all identified isolated risers on or before December 31, 2011. Annually, leak survey these risers until all are replaced.

(3) In addition, in order to resolve this matter, the Company has voluntarily agreed to undertake the following additional remedial actions:

(a) Implement a comprehensive public education program to increase the visibility of the C.A.R.E.[1] message in its service territory in Virginia and help reduce excavation damage to its facilities by taking the following actions:

1. The Company shall cause the C.A.R.E. message and logo, as approved by the Division, to be published on at least two occasions, once between April 1, 2010, and April 30, 2010, and once between September 1, 2010, and September 30, 2010, as display advertising (not classified) of at least one-quarter page in size in newspapers of general circulation throughout the Company's service territory in Virginia; and submit proof of such publication to the Division on or before November 1, 2010.

[1] "Call Miss Utility at 811 before you dig. Allow required time for marking. Respect the marks. Excavate carefully."

2. The Company shall cause the C.A.R.E. message and logo, as approved by the Division, to be displayed on six billboards in its service territory for an eight-week period between March 1, 2010, and May 30, 2010, and for another eight-week period between August 15, 2010, and October 31, 2010; and provide a list of dates and locations of the displays to the Division on or before November 1, 2010.

3. On or before June 30, 2010, the Company shall provide to each of its customers in Virginia an informational package regarding safe digging practices in Virginia.

4. On or before June 30, 2010, the Company shall identify those stakeholders whose employees are responsible for the majority of excavation damage to the Company's underground facilities during the most recent twelve-month period, and meet with those stakeholders' representatives to develop a damage mitigation plan that includes, among other things, additional educational training for the stakeholders' employees to reduce damages and increase compliance with Virginia's Underground Utility Damage Prevention Act ("Act"). On or before September 30, 2010, the Company shall provide the Division with a list of the stakeholders with whom it has met and the dates of those meetings.

5. On or before January 30, 2010, the Company shall implement a surveillance plan that includes site visits to monitor the compliance activities of stakeholders whose employees are responsible for the majority of the Company's excavation damage during the most recent twelve month period. The Company shall use these site visits to provide additional training relative to compliance with the Act when it determines such training to be necessary.

6. On or before June 30, 2010, the Company shall meet with each of the excavation equipment rental agencies in the communities the Company serves and request their assistance in raising awareness of the C.A.R.E. message with individuals who rent such equipment. The Company shall also encourage those agencies to install C.A.R.E. stickers on the equipment they rent. On or before September 30, 2010, the Company shall provide the Division with a list of the equipment rental agencies with whom it has met and the dates of those meetings.

(b) On or before March 31, 2010, purchase three additional sonic line locators, to be used for locating the Company's underground lines in the state of Virginia.

(c) Participate in Virginia's Damage Prevention Technology Pilot Project Phase I and II as agreed to by the Division.

(4) Fifty percent (50%) of the dollars spent during calendar year 2010 to complete the voluntary remedial actions outlined in Undertaking Paragraph (3)(a) above shall not be recovered in the Company's rates as part of Atmos' cost of service. Any such amounts shall be booked in Uniform System of Account No. 426.5. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Commission's Division of Public Utility Accounting.

(5) On or before January 29, 2010, Atmos shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the Vice President - Operations of Atmos Energy Corporation, certifying that the Company has begun to perform the remedial actions set forth in Undertaking Paragraph (2) above.

(6) On or before January 16, 2013, Atmos shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the Vice President - Operations of Atmos Energy Corporation, certifying that the Company has completed the remedial actions set forth in Undertaking Paragraph (2) above.

(7) Upon timely receipt of said affidavits, the Commission may suspend up to One Hundred Six Thousand Six Hundred Fifty Dollars ($106,650) of the amount set forth in Undertaking Paragraph (1) above. Should Atmos fail to tender the affidavits required by Undertaking Paragraphs (5) and (6) above, or fail to take the actions required by Undertaking Paragraph (2) above, a payment of One Hundred Six Thousand Six Hundred Fifty Dollars ($106,650) shall become due and payable, and the Company shall immediately notify the Division of the reasons for Atmos' failure to accomplish the actions required by Undertaking Paragraphs (2), (5), and (6) above. If, upon investigation, the Division determines that the reason for said failure justifies a payment lower than One Hundred Six Thousand Six Hundred Fifty Dollars ($106,650), 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.

(8) Any amounts paid in accordance with Undertaking Paragraph (1) of this Order shall not be recovered in the Company's rates as part of Atmos' cost of service. Any such amounts shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Commission's Division of Public Utility Accounting.

NOW THE COMMISSION, finding sufficient basis herein for the entry of this Order and in reliance on the Defendant's representations and Undertakings set forth above, is of the opinion and finds that 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-2009-00326.

(2) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of compromise and settlement made by Atmos be, and it hereby is, accepted.

(3) Pursuant to § 56-257.2 B of the Code of Virginia, Atmos shall pay the amount of One Hundred Fifty-five Thousand Five Hundred Dollars ($155,500), which may be suspended and subsequently vacated in part as provided in Undertaking Paragraph (1) of this Order.

(4) The sum of Forty-eight Thousand Eight Hundred Fifty Dollars ($48,850) tendered contemporaneously with the entry of this Order is accepted. The remaining One Hundred Six Thousand Six Hundred Fifty Dollars ($106,650) is due as outlined herein and may be suspended and

subsequently vacated, in whole or in part, provided the Company timely undertakes the actions required in Undertaking Paragraph (2) of this Order and files the timely certification of the remedial actions as required by Undertaking Paragraphs (5) and (6) of this Order.

(5) The Commission shall retain jurisdiction over this matter for all purposes, and this case shall be continued pending further order of the Commission.

CASE NO. URS-2009-00338
JUNE 25, 2010

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

ORDER OF SETTLEMENT

The federal pipeline safety statutes found at 49 U.S.C. § 60101 *et seq*. ("Act"), formerly the Natural Gas Pipeline Safety Act, require the Secretary of Transportation ("Secretary") to establish minimum federal safety standards for the transportation of gas and pipeline facilities. The Secretary is further authorized to delegate to an appropriate state agency the authority to prescribe safety standards and enforce compliance with such standards over gas pipeline facilities used for intrastate transportation.

The State Corporation Commission ("Commission") has been designated as the appropriate state agency for the Commonwealth of Virginia to prescribe and enforce compliance with standards for gas pipeline facilities used for intrastate transportation. In Case No. PUE-1989-00052, the Commission adopted Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations to serve as minimum gas pipeline safety standards ("Safety Standards") in Virginia. The Commission is authorized to enforce the Safety Standards for natural gas facilities under § 56-257.2 B of the Code of Virginia, which allows the Commission to impose the fines and penalties authorized therein.

The Commission's Division of Utility and Railroad Safety ("Division") is charged with the investigation of each jurisdictional gas company's compliance with the Safety Standards, has conducted various inspections of records, construction, operation, and maintenance activities involving Virginia Natural Gas, Inc. ("VNG" or "Company"), the Defendant, and alleges that:

(1) VNG is a person within the meaning of § 56-257.2 B of the Code of Virginia; and

(2) The Company violated the Commission's Safety Standards by the following conduct:

(a) 49 C.F.R. § 192.453 - Failure to have all of the corrosion control procedures required by §192.605 (b)(2), including those for the design, installation, operation, and maintenance of cathodic protection systems, carried out by, or under the direction of, a person qualified in pipeline corrosion control methods;

(b) 49 C.F.R. § 192.465 (a) - Failure on multiple occasions to demonstrate that it has tested each pipeline that is under cathodic protection at least once each calendar year, but with intervals not exceeding 15 months, to determine whether the cathodic protection meets the requirements of § 192.463;

(c) 49 C.F.R. § 192.465 (a) - Failing on two occasions to demonstrate that at least 10 percent of the protected pipeline short sections distributed over the entire system have been surveyed (tested for adequacy of the cathodic protection) each calendar year, with a different 10 percent surveyed each subsequent year, culminating in the entire system being tested in the previous 10-year period;

(d) 49 C.F.R. § 192.465 (d) - Failing on multiple occasions to take prompt remedial action to correct any deficiencies indicated by the cathodic protection monitoring; and

(e) 49 C.F.R. § 192.469 - Failing on multiple occasions to provide each pipeline under cathodic protection with sufficient test stations or other contact points for electrical measurement to determine the adequacy of cathodic protection.

The Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters arising from the allegations made against it, VNG represents and undertakes that:

(1) The Company shall pay to the Commonwealth of Virginia the amount of One Million Three Hundred Sixty-five Thousand Two Hundred Fifty Dollars ($1,365,250), of which Eight Hundred Thousand Dollars ($800,000) shall be paid contemporaneously with the entry of this Order. The remaining Five Hundred Sixty-five Thousand Two Hundred Fifty Dollars ($565,250) 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 in Undertaking Paragraphs (2) and (4) herein and tenders the requisite certification as required by Undertaking Paragraph (5) herein. The initial payment and any subsequent payments shall be made by check, payable to the Treasurer of Virginia, and directed to the attention of the Director, Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23218-1197.

(2) The Company shall undertake the following remedial actions:

Cathodic Protection

(a) VNG shall employ an outside consultant to perform an independent evaluation ("Evaluation") of the policies, procedures, operation, maintenance, and facilities of the Company's cathodic protection corrosion control program.[1] The Evaluation, which is currently underway, shall determine, among other things, if the Company's corrosion control field practices are in compliance with 49 C.F.R. Part 192 and the applicable National Association of Corrosion Engineer Standards. The Company shall provide the Division with weekly location sheets for the Consultant's field work. All of the Consultant's documents, reports, and records submitted to VNG shall be provided simultaneously to the Director of the Division of Utility and Railroad Safety. The Company shall complete all of the remediation and other corrective actions determined by the Consultant and mutually agreed to by the Company and the Division to be appropriate or necessary during the course of the Evaluation by July 31, 2011. If VNG disagrees with and desires not to implement any one or more of the Consultant's recommendations, the Company shall immediately notify the Division in writing of such disagreement, and include an explanation for its disagreement. In the event of such a disagreement, the Division shall decide whether or not the recommendation should be implemented by the Company; provided, however, nothing herein shall prevent the Company from seeking review by the Commission. The Company shall not seek to recover from ratepayers in any present or future Commission proceeding, any of the costs associated with the remedial actions required by this Undertaking Paragraph (2)(a).[2]

(b) On or before June 30, 2010, VNG shall hire an additional full time employee (Corrosion Control Supervisor) on its staff who is qualified pursuant to 49 C.F.R. § 192.453 to carry out the corrosion control procedures required by Subpart I of 49 C.F.R. Part 192 and 49 C.F.R. § 192.605 (b)(2). This individual must report directly to the Compliance and System Integrity Manager, who reports to the Vice President of Operations for VNG. The Company shall not seek to recover from ratepayers, in any present or future Commission proceeding, any of the costs incurred on or before July 31, 2011 in connection with the remedial actions required by this Undertaking Paragraph (2)(b), or otherwise defer such costs for future recovery from ratepayers.[3]

(c) On or before July 1, 2010, VNG shall begin revising its operations and maintenance manuals procedures relative to corrosion control to provide detailed section guide procedures for the Company's employees to use for compliance activities. As these procedures are revised, the Company shall train personnel and implement the procedures. The Company shall complete the training and implementation of these procedures by no later than March 31, 2011. The Company shall not seek to recover from ratepayers, in any present or future Commission proceeding, any of the costs incurred on or before July 31, 2011, in connection with the remedial actions required by this Undertaking Paragraph (2)(c), or otherwise defer such costs for future recovery from ratepayers.

Construction

(d) On or before September 30, 2010, VNG shall enhance the Company's quality control for construction related activities by, among other things, increasing the number of Company's construction inspectors by six (6) full time employees, the number of utility expediters by two (2) full time employees, the number of Contract Inspectors by one (1) full time employee, and the number of Construction Supervisors by one (1) full time employee. The Company shall not seek to recover from ratepayers, in any present or future Commission proceeding, any of the costs incurred on or before July 31, 2011, in connection with the remedial actions required by this Undertaking Paragraph (2)(d), or otherwise defer such costs for future recovery from ratepayers.

(e) On or before July 31, 2011, VNG shall complete a minimum of Fifteen Million Dollars ($15,000,000) of pipeline replacement projects throughout the Company's operating area. These projects shall include, but are not limited to, those found in Attachment B to this Order.[4] The estimated project completion dates for each of the projects shall be provided to the Division no later than 30 days prior to commencement of the project. The estimated completion dates shall be acceptable to the Division and project progress reports shall be shared with the Division quarterly. VNG shall not seek recovery of any costs associated with the minimum of Fifteen Million Dollars ($15,000,000) of pipeline replacement projects that are incurred on or before July 31, 2011, including, but not limited to, depreciation, taxes, and carrying costs, in any present or future Commission proceeding or otherwise defer such costs for future recovery from ratepayers.[5] All costs shall be timely booked in accordance with the Uniform System of Accounts prescribed for Natural Gas Companies subject to the Provisions of the Natural Gas Act.[6] In addition, none of the costs incurred in connection with such replacement projects on or before July 31, 2011, shall be recovered from ratepayers pursuant to the Steps to Advance Virginia's Energy Plan (SAVE) Act[7], Chapter 26 of Title 56 (§§ 56-603 *et seq.*) of the Code.

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[1] The Division advises that the Company has been fully cooperative with the Division's investigation. According to the Company and the Division, VNG has already entered into a Master Service Contract with Corrpro Companies, Inc. to be the Consultant for the purpose of performing the Evaluation functions. The Company has advised the Division that Phase I of the Evaluation, performed as part of the Master Service Contract, has been completed. The Scope of Work for Phase II of the Evaluation ("Cathodic Protection System and Program Evaluation"), to be performed as part of the Master Service Contract between VNG and the Consultant, is included as Attachment A to this Order. According to the Company and the Division, the Company consulted with the Division when it prepared Attachment A, and Attachment A represents the scope of work of the Evaluation contemplated by the parties when they reached settlement. The Company represents that it is fully committed to developing and ensuring an effective cathodic protection program.

[2] If any capital is required to be deployed associated with this requirement, treatment of that capital shall be consistent with the provisions in 2(e) below.

[3] If any capital is required to be deployed associated with this requirement, treatment of that capital shall be consistent with the provisions in 2(e) below.

[4] The Company began these replacement projects in January, 2010.

[5] The Company shall not seek recovery of the costs for the period prior to July 31, 2011. However, the Company may seek recovery for costs associated with the un-depreciated net book value of those assets including, but not limited to, depreciation, taxes, and carrying costs related to periods after July 31, 2011.

[6] Contained within § USC 18 C.F.R. 201.

[7] Originally approved in the 2010 Virginia Acts of Assembly, c. 142 (effective July 1, 2010).

(3) The Company has complied fully with the terms and undertakings outlined in undertaking Paragraph (2)(b) above. Documentation evidencing the hiring and employment of Corrosion Control Supervisor has been submitted to the Division.

(4) Beginning July 1, 2010, and each three months thereafter until August 31, 2011, or as otherwise required, VNG shall provide a written report to the Division's Director, in a format acceptable to the Division, describing in detail the actions it has taken, and the expenditures it has made, to comply with the requirements of Undertaking Paragraph (2) above.

(5) On or before August 31, 2011, VNG 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 all of the remedial actions described in Undertaking Paragraph (2) above.

(6) Upon timely receipt of the affidavit required by Undertaking Paragraph (5) above, the Commission may suspend and subsequently vacate up to Five Hundred Sixty-five Thousand Two Hundred Fifty Dollars ($565,250) of the remaining amount as set forth in Undertaking Paragraph (1) above. Should VNG fail to tender said affidavit, or fail to take the actions required by Undertaking Paragraphs (2) and (4) above, a payment of Five Hundred Sixty-five Thousand Two Hundred Fifty Dollars ($565,250) 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) and (4) above. If, upon investigation, the Division determines that the reason for said failure justifies a payment lower than Five Hundred Sixty-five Thousand Two Hundred Fifty Dollars ($565,250), it may recommend to the Commission a reduction in the amount due. The Commission shall determine the amount due, and upon such determination, the Company shall immediately tender to the Commission said amount.

(7) 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.

(8) Any amounts paid to the Commonwealth of Virginia in accordance with this Order shall not be recovered in the Company's rates as part of VNG's cost of service. Any such amounts shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the journal entries made to record such amounts with the Commission's Division of Public Utility Accounting.

NOW THE COMMISSION, finding sufficient basis herein for the entry of this Order and in reliance on the Defendant's representations and undertakings set forth above, is of the opinion and finds that 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-2009-00338.

(2) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of compromise and settlement made by VNG be, and it hereby is, accepted.

(3) Pursuant to § 56-257.2 B of the Code of Virginia, VNG shall pay the amount of One Million Three Hundred Sixty-five Thousand Two Hundred Fifty Dollars ($1,365,250), part of which may be suspended and subsequently vacated as provided in Undertaking Paragraph (1) above.

(4) The sum of Eight Hundred Thousand Dollars ($800,000) tendered contemporaneously with the entry of this Order is accepted. The remaining Five Hundred Sixty-five Thousand Two Hundred Fifty Dollars ($565,250) is due as outlined herein and may be suspended and subsequently vacated, in whole or in part, provided the Company timely undertakes the actions required in Undertaking Paragraphs (2) and (4) above and files the timely certification of the remedial actions required by Undertaking Paragraph (5) above.

(5) The Company shall not recover the costs of the remedial actions described herein from ratepayers except as provided in Undertaking Paragraph (2) above.

(6) Pursuant to Undertaking Paragraph (7), 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.

(7) 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 Attachments A and B are on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

CASE NO. URS-2009-00381
MAY 17, 2010

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 July 27, 2009, and August 31, 2009, 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; and

(2) During the aforementioned period, the Company has violated the Act by the following conduct:

(a) Failing on certain occasions to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines in violation of § 56-265.19 A of the Code.

(b) Failing on certain occasions to mark the underground utility lines within the time prescribed in the Act in violation of § 56-265.19 A of the Code.

(c) Failing on certain occasions to report to the notification center that lines had been marked or that they were not in conflict with the proposed excavation in violation of § 56-265.19 A of the Code.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, which includes all probable violations presented to the Underground Utility Damage Prevention Advisory Committee, and set out in Attachment A hereto, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Eleven Thousand Seven Hundred Dollars ($11,700) to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Eleven Thousand Seven Hundred Dollars ($11,700) tendered contemporaneously with the entry of this Order is accepted.

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

CASE NO. URS-2009-00420
JANUARY 4, 2010

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"), after having conducted an investigation of this matter, alleges that:

(1) Utiliquest, LLC ("Company"), is a contract locator as that term is defined in § 56-265.15 of the Code, and as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code;

(2) On or about August 13, 2009, The Basics CS damaged a three-quarter-inch plastic gas service line operated by Washington Gas Light Company, located at or near 14891 Potomac Branch Drive, Prince William County, Virginia, while excavating;

(3) On or about September 2, 2009, S&N Communications, Inc., damaged a two-inch plastic gas main line operated by Washington Gas Light Company, located at or near 14514 Telegraph Road, Prince William County, Virginia, while excavating;

(4) On or about August 11, 2009, Rock Hard Excavating, Inc., damaged a two-inch plastic gas service line operated by Washington Gas Light Company, located at or near 2300 North Key Boulevard, Arlington County, Virginia, while excavating;

(5) On or about August 27, 2009, Arlington County damaged a two-inch plastic gas main line operated by Washington Gas Light Company, located at or near 11th Street South and South Edison Street, Arlington County, Virginia, while excavating;

(6) On or about September 8, 2009, The Building Group, Inc., damaged a three-quarter-inch plastic gas service line operated by Washington Gas Light Company, located at or near 7409 Franklin Road, Fairfax County, Virginia, while excavating;

(7) On or about September 18, 2009, The Fishel Company damaged an eight-inch plastic gas main line operated by Washington Gas Light Company, located at or near 14401 Tracy Schar Lane, Fairfax County, Virginia, while excavating;

(8) On or about September 21, 2009, Casper Colosimo & Son, Inc., damaged a one-half-inch plastic gas service line operated by Washington Gas Light Company, located at or near 7742 Bridal Path Lane, Fairfax County, Virginia, while excavating;

(9) On the occasions set out in paragraphs (2) and (3) above, the Company failed to mark the underground utility lines by no later than 7:00 a.m. on the third working day following the excavator's notice to the notification center, in violation of § 56-265.19 A of the Code;

(10) On the occasions set out in paragraphs (4) through (8) above, the Company failed to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines, in violation of § 56-265.19 A of the Code; and

(11) On the occasion set out in paragraph (7), the Company failed to use all information necessary to mark their facilities accurately, in violation of 20 VAC 5-309-110 M of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Six Thousand Fifty Dollars ($6,050) to be paid contemporaneously with the entry of this Order. The payment will be made by cashier's check or money order payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Six Thousand Fifty Dollars ($6,050) 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-2009-00447
JANUARY 11, 2010

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
ONE VISION UTILITY SERVICES, LLC,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act ("Act"), § 56-265.14 *et seq*. of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between September 11, 2009, and October 16, 2009, listed in Attachment A, involving One Vision Utility Services, LLC ("Company"), the Defendant, and alleges that:

(1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code 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; and

(2) During the aforementioned period, the Company has violated the Act by the following conduct:

(a) Failing on certain occasions to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines in violation of § 56-265.19 A of the Code.

(b) Failing on certain occasions to mark the underground utility lines within the time prescribed in the Act in violation of § 56-265.19 A of the Code.

(c) Failing on certain occasions to report to the notification center that lines had been marked or that they were not in conflict with the proposed excavation in violation of § 56-265.19 A of the Code.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, which includes all probable violations presented to the Underground Utility Damage Prevention Advisory Committee, and set out in Attachment A hereto, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Six Thousand Six Hundred Dollars ($6,600) to be paid contemporaneously with the entry of this Order. This payment will be made by cashier's check or money order, payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Six Thousand Six Hundred Dollars ($6,600) tendered contemporaneously with the entry of this Order is accepted.

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

CASE NO. URS-2009-00448
JANUARY 4, 2010

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 August 27, 2009, Aqua Virginia, Inc., damaged a one-half-inch plastic gas service line operated by Roanoke Gas Company, located at or near 89 Lois Lane, Botetourt County, Virginia, while excavating;

(3) On or about August 31, 2009, H. A. Dove & Sons damaged a four-inch plastic gas main line operated by Columbia Gas of Virginia, Inc., located at or near Scott Drive, Prince William County, Virginia, while excavating;

(4) On or about September 23, 2009, B&B Signal Co., L.L.C., damaged a six-inch plastic gas main line operated by Columbia Gas of Virginia, Inc., located at or near Blackwell Road, Fauquier County, Virginia, while excavating;

(5) On or about October 19, 2009, Consultants Unlimited, Inc., damaged a one-half-inch plastic gas service line operated by Roanoke Gas Company, located at or near 106 Cambridge Square, Roanoke County, Virginia, while excavating;

(6) On or about October 22, 2009, Ivy H. Smith Company, LLC, damaged an electric secondary line operated by Virginia Electric and Power Company, located at or near 2507 Lauderdale Road, Richmond, Virginia, while excavating;

(7) On the occasions set out in paragraphs (2) through (6) above, the Company failed to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines, in violation of § 56-265.19 A of the Code;

(8) On or about September 29, 2009, the City of Lynchburg damaged a one-inch plastic gas service line operated by Columbia Gas of Virginia, Inc., located at or near 924 Main Street, Lynchburg, Virginia, while excavating;

(9) On or about October 7, 2009, D. A. Foster Company damaged a one-inch plastic gas service line operated by Columbia Gas of Virginia, Inc., located at or near 4253 Meyers Road, Prince William County, Virginia, while excavating; and

(10) On the occasions set out in paragraphs (8) and (9) above, the Company failed to mark the underground utility lines by no later than 7 a.m. on the third working day following the excavator's notice to the notification center, in violation of § 56-265.19 A of the Code.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Six Thousand Nine Hundred Dollars ($6,900) 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 of Virginia, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Six Thousand Nine Hundred Dollars ($6,900) tendered contemporaneously with the entry of this Order is accepted.

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

CASE NO. URS-2009-00450
JANUARY 26, 2010

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 September 17, 2009, and October 27, 2009, 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; and

(2) During the aforementioned period, the Company has violated the Act by the following conduct:

(a) Failing on certain occasions to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines in violation of § 56-265.19 A 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 their facilities accurately in violation of 20 VAC 5-309-110 M of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, which include 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 Nine Hundred Dollars ($10,900) to be paid

contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Ten Thousand Nine Hundred Dollars ($10,900) tendered contemporaneously with the entry of this Order is accepted.

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

CASE NO. URS-2010-00047
MARCH 17, 2010

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
ONE VISION UTILITY SERVICES, LLC,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act ("Act"), § 56-265.14 *et seq*. of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between May 15, 2009, and January 7, 2010, listed in Attachment A, involving One Vision Utility Services, LLC ("Company"), the Defendant, and alleges that:

(1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code, 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; and

(2) During the aforementioned period, the Company has violated the Act by the following conduct:

(a) Failing on certain occasions to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines, in violation of § 56-265.19 A of the Code.

(b) Failing on certain occasions to mark the underground utility lines within the time prescribed in the Act, in violation of § 56-265.19 A of the Code.

(c) Failing on certain occasions to report to the notification center that lines had been marked or that they were not in conflict with the proposed excavation, in violation of § 56-265.19 A of the Code.

(d) Failing on certain occasions to use all information necessary to mark their facilities accurately, in violation of 20 VAC 5-309-110 M of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, which include 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 Six Hundred Fifty Dollars ($10,650) to be paid contemporaneously with the entry of this Order. This payment will be made by cashier's check or money order, payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Ten Thousand Six Hundred Fifty Dollars ($10,650) tendered contemporaneously with the entry of this Order is accepted.

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

CASE NO. URS-2010-00048
MARCH 12, 2010

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 August 31, 2009, DLB, Inc., damaged a one-inch plastic gas service line operated by Columbia Gas of Virginia, Inc., located at or near 1601 Morrison Drive, Lynchburg, Virginia, while excavating;

(3) On or about November 5, 2009, Western Virginia Water Authority damaged a one-half-inch plastic gas service line operated by Roanoke Gas Company, located at or near 7777 Hollins Court Drive, Roanoke County, Virginia, while excavating;

(4) On or about November 16, 2009, Johnson Investments, Inc., damaged a one-half-inch plastic gas service line operated by Roanoke Gas Company, located at or near 830 Florida Street, Roanoke County, Virginia, while excavating;

(5) On the occasions set out in paragraphs (2) through (4) above, the Company failed to mark the underground utility lines by no later than 7:00 a.m. on the third working day following the excavator's notice to the notification center, in violation of § 56-265.19 A of the Code;

(6) On or about October 21, 2009, Western Virginia Water Authority damaged a one-inch plastic gas service line operated by Roanoke Gas Company, located at or near 6349 Peters Creek Road, N.W., Roanoke County, Virginia, while excavating;

(7) On or about December 11, 2009, the City of Salem damaged a four-inch plastic gas main line operated by Roanoke Gas Company, located at or near 407 East Calhoun Street, Roanoke County, Virginia, while excavating;

(8) On or about October 28, 2009, C. Lee White Concrete LLC damaged a one-inch plastic gas service line operated by Columbia Gas of Virginia, Inc., located at or near Wallace Street, Lynchburg, Virginia, while excavating;

(9) On the occasions set out in paragraphs (6) through (8) above, the Company failed to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines, in violation of § 56-265.19 A of the Code; and

(10) On the occasion set out in paragraph (6) above, the Company failed 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.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Five Thousand Nine Hundred Fifty Dollars ($5,950) to be paid contemporaneously with the entry of this Order. The payment will be made by cashier's check or money order payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Five Thousand Nine Hundred Fifty Dollars ($5,950) tendered contemporaneously with the entry of this Order is accepted.

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

CASE NO. URS-2010-00050
MAY 4, 2010

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 September 28, 2009, and December 10, 2009, 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; and

(2) During the aforementioned period, the Company has violated the Act by the following conduct:

(a) Failing on certain occasions to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines in violation of § 56-265.19 A of the Code.

(b) Failing on certain occasions to mark the underground utility lines within the time prescribed in the Act in violation of § 56-265.19 A of the Code.

(c) Failing on certain occasions to report to the notification center that lines had been marked or that they were not in conflict with the proposed excavation in violation of § 56-265.19 A of the Code.

(d) Failing on certain occasions to use all information necessary to mark their facilities accurately in violation of 20 VAC 5-309-110 M of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, which includes all probable violations presented to the Underground Utility Damage Prevention Advisory Committee, and set out in Attachment A hereto, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Eleven Thousand Four Hundred Fifty Dollars ($11,450) to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Eleven Thousand Four Hundred Fifty Dollars ($11,450) tendered contemporaneously with the entry of this Order is accepted.

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

CASE NO. URS-2010-00052
MARCH 12, 2010

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
WASHINGTON GAS LIGHT COMPANY,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq*. of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

(1) On or about October 20, 2009, Casper Colosimo & Son, Inc., damaged a one-half-inch plastic gas service line operated by Washington Gas Light Company ("Company"), located at or near 7716 Bridle Path Lane, Fairfax 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 November 2, 2009, Woodlawn Construction Company damaged a two-inch plastic gas service line operated by the Company, located at or near West Braddock Road and North Beauregard Street, Fairfax County, Virginia, while excavating;

(4) On or about November 9, 2009, Christopher's Back Hoe Service damaged a two-inch plastic gas main line operated by the Company, located at or near 12024 Dawn Falls Way, Prince William County, Virginia, while excavating;

(5) On or about November 17, 2009, Danella Construction Corporation of Virginia, Inc., damaged a one-quarter-inch plastic gas service line operated by the Company, located at or near 3819 Whitman Road, Fairfax County, Virginia, while excavating;

(6) On or about November 19, 2009, JES Construction, Inc., damaged a one-quarter-inch plastic gas service line operated by the Company, located at or near 8044 Saint Annes Court, Fairfax County, Virginia, while excavating;

(7) On or about November 24, 2009, Danella Construction Corporation of Virginia, Inc., damaged a three-eighths-inch plastic gas service line operated by the Company, located at or near 1695 Burntwood Court, Prince William County, Virginia, while excavating;

(8) On or about December 8, 2009, E. E. Lyons Const. Co., Inc., damaged a three-quarter-inch steel gas service line operated by the Company, located at or near 221 North Irving Street, Arlington County, Virginia, while excavating;

(9) On or about December 14, 2009, Casper Colosimo & Son, Inc., damaged a one-half-inch plastic gas service line operated by the Company, located at or near 2300 Cheshire Lane, Fairfax County, Virginia, while excavating; and

(10) On the occasions set out in paragraphs (3) through (9) above, the Company failed to mark the underground utility lines by no later than 7:00 a.m. on the third working day following the excavator's notice to the notification center, in violation of § 56-265.19 A of the Code.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits 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 One Hundred Dollars ($8,100) to be paid contemporaneously with the entry of this Order. This payment will be made by cashier's check or money order payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

(2) Any fines paid in accordance with this Order shall not be recovered in the Company's rates as part of the cost of service. Any such fines shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Division of Public Utility Accounting.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Eight Thousand One Hundred Dollars ($8,100) tendered contemporaneously with the entry of this Order is accepted.

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

CASE NO. URS-2010-00053
MAY 10, 2010

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

ORDER OF SETTLEMENT

The federal pipeline safety statutes found at 49 U.S.C. § 60101 *et seq.* ("Act"), formerly the Natural Gas Pipeline Safety Act, require the Secretary of Transportation ("Secretary") to establish minimum federal safety standards for the transportation of gas and pipeline facilities. The Secretary is

further authorized to delegate to an appropriate state agency the authority to prescribe safety standards and enforce compliance with such standards over gas pipeline facilities used for intrastate transportation.

The State Corporation Commission ("Commission") has been designated as the appropriate state agency for the Commonwealth of Virginia to prescribe and enforce compliance with standards for gas pipeline facilities used for intrastate transportation. In Case No. PUE-1989-00052, the Commission adopted Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations to serve as minimum gas pipeline safety standards ("Safety Standards") in Virginia. The Commission is authorized to enforce the Safety Standards for natural gas facilities under § 56-257.2 B of the Code of Virginia, which allows the Commission to impose the fines and penalties authorized therein.

The Commission's Division of Utility and Railroad Safety ("Division") is charged with the investigation of each jurisdictional gas company's compliance with the Safety Standards, has conducted various inspections of records, construction, operation and maintenance activities involving Columbia Gas of Virginia, Inc., ("CGV" or "Company"), the Defendant, and alleges that:

(1) CGV is a person within the meaning of § 56-257.2 B of the Code of Virginia; and

(2) The Company violated the Commission's Safety Standards by the following conduct:

(a) 49 C.F.R. § 192.303 - Failing on one occasion to construct a main in accordance with Company Procedure 644-12, developed to comply with 49 C.F.R. § 192.281 (c)(3), by not producing a gas tight electrofusion joint;

(b) 49 C.F.R. § 192.303 - Failing on one occasion to construct a main in accordance with Company Procedure 640-1(11), developed to comply with 49 C.F.R. § 192.325 (b), by not achieving proper separation between a pipeline and other utilities;

(c) 49 C.F.R. § 192.327 (b) - Failing on one occasion to install a main with at least 24 inches of cover;

(d) 49 C.F.R. § 192.353 (a) - Failing on eight occasions to install meter and regulator protection against vehicular damage that may be anticipated;

(e) 49 C.F.R. § 192.355 (b)(2) - Failing on one occasion to install a service regulator vent in a location where gas from the vent can escape freely into the atmosphere;

(f) 49 C.F.R. § 192.361 (a) - Failing on one occasion to install a service line with at least 12 inches of cover on private property;

(g) 49 C.F.R. § 192.361 (g) - Failing on one occasion to comply with 49 C.F.R. § 192.321 (e), which states that plastic pipe that is not encased must have an electrically conducting wire or other means of locating the pipe;

(h) 49 C.F.R. § 192.605 (a) - Failing on two occasions to follow Company Procedure, 640-10, Section 2.3, by not utilizing a squeeze-off at least five pipe diameters from a fusion or mechanical fitting;

(i) 49 C.F.R. § 192.605 (b) - Failing on two occasions to have adequate procedures for squeezing off a pipeline by not specifying the required distance of 3 pipe diameters or 12 inches, whichever is greater, that a squeeze off can be from any fusion joint, mechanical connection, prior squeeze off point, or second squeeze off point;

(j) 49 C.F.R. § 192.619 (a) - Failing on one occasion to operate a steel pipeline within the established maximum allowable operating pressure;

(k) 49 C.F.R. § 192.805 - Failing on one occasion to identify pneumatic boring as a covered task, and ensure through evaluation that individuals performing covered tasks (pneumatic boring) are qualified;

(l) 49 C.F.R. § 192.805 - Failing on one occasion to identify directional drilling as a covered task, and ensure through evaluation that individuals performing covered tasks (directional drilling) are qualified; and

(m) 49 C.F.R. § 193.2625 (a) - Failing on one occasion to determine which metallic components could have their integrity or reliability adversely affected by external corrosion at the Company's LNG Plant.

The Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters arising from the allegations made against it, CGV represents and undertakes that:

(1) The Company shall pay to the Commonwealth of Virginia the amount of One Hundred Twenty-one Thousand Dollars ($121,000), of which Thirty-two Thousand One Hundred Twenty-five Dollars ($32,125) shall be paid contemporaneously with the entry of this Order. The remaining Eighty-eight Thousand Eight Hundred Seventy-five Dollars ($88,875) shall be due as outlined in Undertaking Paragraph (7) herein, and may be suspended and subsequently vacated in whole or in part by the Commission, provided the Company timely takes the actions required by Undertaking Paragraph (2) herein and tenders the requisite certifications as required by Undertaking Paragraphs (4), (5), and (6) herein. The initial payment and any subsequent payments shall be made by check, payable to the Treasurer of Virginia, and directed to the attention of the Director, Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23218-1197.

(2) The Company shall undertake the following remedial actions:

(a) Participate in the Division's 2010 Pipeline Safety Conference and present the results of the Company's investigation regarding the improper bonding of electrofusion on a high volume tapping tee at Route 10 and Bermuda Triangle Road in Chester, Virginia.

(b) On or before November 20, 2009, the Company shall replace the natural gas service to 219 South 16th Avenue in Hopewell, Virginia to ensure proper cover, proper separation from other utilities, and the ability to locate their pipeline.

(c) On or before July 1, 2010, the Company shall revise its Squeeze Off Procedure in accordance with the recommendations from Plastic Pipe Institute and train employees that perform such tasks.

(d) On or before July 1, 2010, the Company shall revise its Operator Qualification Program to identify directional drilling and pneumatic boring as covered tasks and train employees that perform such tasks in accordance with 49 C.F.R. § 192.805.

(e) On or before December 31, 2010, the Company shall replace the two water/ethylene glycol lines located at the Madison Heights LNG Plant with an above ground configuration so these lines can be monitored for corrosion.

(f) Identify all regulator stations serving five hundred customers or more, where there is a lack of telemetry, by December 31, 2014. The Company shall commit at least $100,000 each year through December 31, 2014 to install telemetry at stations where such equipment is needed. The Company shall submit progress reports to the Division once each year through 2014, by no later than December 31st of that year. This report shall, at a minimum, include the total number of stations requiring telemetry, the number of stations where telemetry equipment was installed during each calendar year and the locations where the installation of telemetry was determined to be impractical.

(3) The Company has complied fully with the terms and undertakings outlined in Undertaking Paragraph (2)(b) above. Documentation evidencing that the natural gas service line to 219 South 16th Avenue in Hopewell, Virginia was reinstalled with proper cover, proper separation from other utilities, and that the new service line is locatable has been submitted to the Division.

(4) On or before July 1, 2010, CGV shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the General Manager of Columbia Gas of Virginia, certifying that the Company completed the remedial actions set forth in Undertaking Paragraphs (2)(c) and (2)(d) above and the Company has begun to perform the remedial actions set forth in Undertaking Paragraphs (2)(e) and (2)(f) above.

(5) On or before December 31, 2010, CGV shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the General Manager of Columbia Gas of Virginia, certifying that the Company completed the remedial actions set forth in Undertaking Paragraphs (2)(a) and (2)(e) above.

(6) On or before December 31, 2014, CGV shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the General Manager of Columbia Gas of Virginia, certifying that the Company completed the remedial actions set forth in Undertaking Paragraph (2)(f) above.

(7) Upon timely receipt of said affidavits, the Commission may suspend up to Eighty-eight Thousand Eight Hundred Seventy-five Dollars ($88,875) of the amount set forth in Undertaking Paragraph (1) above. Should CGV fail to tender the affidavits required by Undertaking Paragraphs (4), (5), and (6) above, or fail to take the actions required by Undertaking Paragraph (2) above, a payment of Eighty-eight Thousand Eight Hundred Seventy-five Dollars ($88,875) shall become due and payable, and the Company shall immediately notify the Division of the reasons for CGV's failure to accomplish the actions required by Undertaking Paragraphs (2), (4), (5), and (6) above. If, upon investigation, the Division determines that the reason for said failure justifies a payment lower than Eighty-eight Thousand Eight Hundred Seventy-five Dollars ($88,875), 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.

(8) Any amounts paid in accordance with Undertaking Paragraph (1) of this Order shall not be recovered in the Company's rates as part of CGV's cost of service. Any such amounts shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Commission's Division of Public Utility Accounting.

NOW THE COMMISSION, finding sufficient basis herein for the entry of this Order and in reliance on the Defendant's representations and undertakings set forth above, is of the opinion and finds that 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-2010-00053.

(2) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of compromise and settlement made by CGV be, and it hereby is, accepted.

(3) Pursuant to § 56-257.2 B of the Code of Virginia, CGV shall pay the amount of One Hundred Twenty-one Thousand Dollars ($121,000), which may be suspended and subsequently vacated in part as provided in Undertaking Paragraph (1) of this Order.

(4) The sum of Thirty-two Thousand One Hundred Twenty-five Dollars ($32,125) tendered contemporaneously with the entry of this Order is accepted. The remaining Eighty-eight Thousand Eight Hundred Seventy-five Dollars ($88,875) is due as outlined herein and may be suspended and subsequently vacated, in whole or in part, provided the Company timely undertakes the actions required in Undertaking Paragraph (2) of this Order and files the timely certification of the remedial actions as required by Undertaking Paragraphs (4), (5), and (6) of this Order.

(5) The Commission shall retain jurisdiction over this matter for all purposes, and this case shall be continued pending further order of the Commission.

CASE NO. URS-2010-00054
APRIL 23, 2010

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
WASHINGTON GAS LIGHT COMPANY,
Defendant

ORDER OF SETTLEMENT

The federal pipeline safety statutes found at 49 U.S.C. § 60101 *et seq.* ("Act"), formerly the Natural Gas Pipeline Safety Act, require the Secretary of Transportation ("Secretary") to establish minimum federal safety standards for the transportation of gas and pipeline facilities. The Secretary is further authorized to delegate to an appropriate state agency the authority to prescribe safety standards and enforce compliance with such standards over gas pipeline facilities used for intrastate transportation.

The State Corporation Commission ("Commission") has been designated as the appropriate state agency for the Commonwealth of Virginia to prescribe and enforce compliance with standards for gas pipeline facilities used for intrastate transportation. In Case No. PUE-1989-00052, the Commission adopted Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations to serve as minimum gas pipeline safety standards ("Safety Standards") in Virginia. The Commission is authorized to enforce the Safety Standards for natural gas facilities under § 56-257.2 B of the Code of Virginia, which allows the Commission to impose the fines and penalties authorized therein.

The Commission's Division of Utility and Railroad Safety ("Division") is charged with the investigation of each jurisdictional gas company's compliance with the Safety Standards, has conducted various inspections of records, construction, operation and maintenance activities involving Washington Gas Light Company, ("WGL" or "Company"), the Defendant, and alleges that:

(1) WGL is a person within the meaning of § 56-257.2 B of the Code of Virginia; and

(2) The Company violated the Commission's Safety Standards by the following conduct:

(a) 49 C.F.R. § 192.53 (c) - Failing on one occasion to follow ASTM D 2513-99 A1.5.7, Requirements for Pipe and Fittings, by installing polyethylene pipe that was more than two years from the date of manufacture;

(b) 49 C.F.R. § 192.605 (a) - Failing on one occasion to follow Company Procedures, developed to comply with 49 C.F.R. § 192.225 (a) by not verifying proper voltage and amperage while welding; and

(c) 49 C.F.R. § 192.605 (a) - Failing on one occasion to follow Company Procedure 4050, developed to comply with 49 C.F.R. § 192.721 by not observing a condition that may affect the safety and operation of a pipeline.

The Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters arising from the allegations made against it, WGL represents and undertakes that:

(1) The Company shall pay to the Commonwealth of Virginia the amount of Twenty-seven Thousand Dollars ($27,000), which shall be paid contemporaneously with the entry of this Order. The payment will be made by check, payable to the Treasurer of Virginia, and directed to the attention of the Director of the Division of Utility and Railroad Safety, Post Office Box 1197, Richmond, Virginia, 23218-1197;

(2) Any amounts paid in accordance with this Order shall not be recovered in the Company's rates as part of WGL's cost of service. Any such amounts shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Commission's Division of Public Utility Accounting.

NOW THE COMMISSION, finding sufficient basis herein for the entry of this Order and in reliance on the Defendant's representations and undertakings set forth above, is of the opinion and finds that 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-2010-00054.

(2) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of compromise and settlement made by WGL be, and it hereby is, accepted.

(3) Pursuant to § 56-257.2 B of the Code of Virginia, WGL shall pay the amount of Twenty-seven Thousand Dollars ($27,000) in settlement hereof.

(4) The sum of Twenty-seven Thousand Dollars ($27,000) tendered contemporaneously with the entry of this Order is accepted.

(5) This case is hereby dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

CASE NO. URS-2010-00055
JUNE 29, 2010

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
APPALACHIAN NATURAL GAS DISTRIBUTION COMPANY,
Defendant

ORDER OF SETTLEMENT

The federal pipeline safety statutes found at 49 U.S.C. § 60101 *et seq*. ("Act"), formerly the Natural Gas Pipeline Safety Act, require the Secretary of Transportation ("Secretary") to establish minimum federal safety standards for the transportation of gas and pipeline facilities. The Secretary is further authorized to delegate to an appropriate state agency the authority to prescribe safety standards and enforce compliance with such standards over gas pipeline facilities used for intrastate transportation.

The State Corporation Commission ("Commission") has been designated as the appropriate state agency for the Commonwealth of Virginia to prescribe and enforce compliance with standards for gas pipeline facilities used for intrastate transportation. In Case No. PUE-1989-00052, the Commission adopted Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations to serve as minimum gas pipeline safety standards ("Safety Standards") in Virginia. The Commission is authorized to enforce the Safety Standards for natural gas facilities under § 56-257.2 B of the Code of Virginia, which allows the Commission to impose the fines and penalties authorized therein.

The Commission's Division of Utility and Railroad Safety ("Division") is charged with the investigation of each jurisdictional gas company's compliance with the Safety Standards, has conducted various inspections of records, construction, operation and maintenance activities involving Appalachian Natural Gas Distribution Company, ("ANGD" or "Company"), the Defendant, and alleges that:

(1) ANGD is a person within the meaning of § 56-257.2 B of the Code of Virginia; and

(2) The Company violated the Commission's Safety Standards by the following conduct:

(a) 49 C.F.R. § 192.353(a) - Failing on two occasions to ensure that each meter and service regulator, whether inside or outside a building, be installed in a readily accessible location and protected from corrosion and other damage, including, if installed outside a building, vehicular damage that may be anticipated;

(b) 49 C.F.R. § 192.453 - Failing on one occasion to have all of the corrosion control procedures required by 49 C.F.R. §192.605(b)(2), including those for the design, installation, operation, and maintenance of cathodic protection systems, carried out by, or under the direction of, a person qualified in pipeline corrosion control methods;

(c) 49 C.F.R. § 192.455(a)(2) - Failing on one occasion to have a cathodic protection system designed to protect the pipeline in accordance with 49 C.F.R. §192, installed and placed in operation within 1 year after completion of construction;

(d) 49 C.F.R. § 192.465(d) - Failing on three occasions to take prompt remedial action to correct any deficiencies indicated by the monitoring of cathodic protection;

(e) 49 C.F.R. § 192.479(a) - Failing on one occasion to clean and coat each pipeline or portion of pipeline that is exposed to the atmosphere;

(f) 49 C.F.R. § 192.625(a) - Failing on four occasions to odorize its distribution system so that, at a concentration in air of one-fifth of the lower explosive limit, the gas is readily detectable by a person with a normal sense of smell;

(g) 49 C.F.R. § 192.739(a)(2) - Failing on two occasions to perform tests or inspections to determine if their pressure control devices are adequate from the standpoint of capacity and reliability of operation for the service in which they are employed;

(h) 49 C.F.R. § 199.113(b) - Failing on one occasion to include at least the following elements under their employee assistance program: display and distribution of informational material; display and distribution of a community service hot-line telephone number for employee assistance regarding drug and alcohol abuse; and

(i) 49 C.F.R. § 199.113(c) - Failing on two occasions to provide training under each employee assistance program for supervisory personnel who will determine whether an employee must be drug tested based on reasonable cause, to include one 60-minute period of training on the specific, contemporaneous physical, behavioral, and performance indicators of probable drug use.

The Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters arising from the allegations made against it, ANGD represents and undertakes that:

(1) The Company shall pay to the Commonwealth of Virginia the amount of One Hundred Sixty-three Thousand Dollars ($163,000), of which Ten Thousand Dollars ($10,000) shall be paid contemporaneously with the entry of this Order. The remaining One Hundred Fifty-three Thousand Dollars ($153,000) shall be due as outlined in Undertaking Paragraph (9) herein, and may be suspended and subsequently vacated in whole or in part by the Commission, provided the Company timely takes the actions required by Undertaking Paragraph (2) herein and tenders the requisite certifications as required by Undertaking Paragraphs (5), (6), (7), and (8) herein. The initial payment and any subsequent payments shall be made by check, payable to the Treasurer of Virginia, and directed to the attention of the Director, Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23218-1197.

(2) The Company shall undertake the following remedial actions:

(a) On or before March 31, 2010, the Company shall install meter protection from accidental damage at 1859 North Route 71 in Lebanon, Virginia and at the Lebanon Gate Station. Cathodic protection and a fence shall also be installed at the Lebanon Gate Station.

(b) On or before June 30, 2011, the Company shall inspect all of its meters to determine if they are readily accessible; adequately protected from accidental damage; have a tracer wire; and they have adequate protection against atmospheric corrosion. All deficiencies found during these inspections shall be corrected by no later than June 15, 2011. The Company shall submit two progress reports to the Division, one by no later than November 30, 2010 and the second by no later than June 30, 2011. These reports shall, at a minimum, detail the results of the inspections and the actions taken to correct any deficiencies found by the Company.

(c) On or before May 30, 2013, the Company shall replace 2.4 miles of bare steel in its Virginia Bluefield service territory. The Company shall continue its current practice to annually perform leak surveys on its bare steel until such time that all of the bare steel is replaced.

(d) On or before June 30, 2011, the Company shall coat the exposed portions of its pipeline that serves Red Onion State Prison.

(e) On or before September 30, 2010, the Company shall purchase a Gas Tracker to assist in locating its underground pipelines.

(f) On or before November 30, 2010, the Company shall undertake and complete the following actions:

1. Perform a formal review of Company safety records and files to ensure compliance with the safety standards;

2. Evaluate training and qualifications of existing personnel and Company procedures to ensure compliance with the pipeline safety standards;

3. Revise its Operations and Maintenance Manual to provide that cathodic protection and corrosion control procedures will be performed by qualified Company personnel or a qualified third party contractor; and

4. Revise its Operations and Maintenance Manual to include all steps necessary and customarily taken in response to low odorant readings to ensure its distribution system maintains the appropriate level of odorant as required by 49 C.F.R. §192.625(a).

(3) In addition, in order to resolve this matter, the Company has agreed to and shall undertake the following remedial actions:

(a) During the meter inspections performed pursuant to Undertaking Paragraph (2) (b) above, the Company shall install tracer wire tags promoting the C.A.R.E.[1] message at the meters and also install the C.A.R.E. logo on all meter sets. The tracer wire tags and C.A.R.E. logos shall be approved by the Division.

(b) The Company shall promote the C.A.R.E. message by the following:

1. Send bill inserts containing the C.A.R.E. message to its customers in Virginia twice a year (spring and fall) for three consecutive years starting in the fall of 2010.

2. On or before June 15, 2010, place the C.A.R.E. logo on all company vehicles including a more prominent message as approved by the Division, on a Company van which is used for field service and meter proving.

3. Cause the C.A.R.E. message and logo, as approved by the Division, to be displayed on two billboards for three months in the fall of 2010 and three months in the spring of 2011 to promote the "Dig with C.A.R.E." message.

4. Purchase television advertising on the local TV station to broadcast the Division's 30 second C.A.R.E. spot, aired at least 40 times during the fall of 2010 season, for a three month period. In addition to the C.A.R.E. commercial, the television advertising shall include a rotating bulletin board that shall display at least seven times an hour during the three month period in the fall of 2010. The advertising broadcast shall cover the Counties of Wise, Virginia and Russell, Virginia.

(c) On or before the following dates, ANGD shall tender to the Clerk of the Commission, with a copy to the Division, affidavits, executed by the President of Appalachian Natural Gas Distribution Company, certifying that the Company completed the voluntary remedial actions set forth in Undertaking Paragraph (3) (b) above: Undertaking Paragraph (3) (b) 1: June 30, 2013; Undertaking Paragraph (3) (b) 2: June 30, 2010; Undertaking Paragraph (3) (b) 3: July 1, 2011; and Undertaking Paragraph (3) (b) 4: December 31, 2010.

(4) The Company has complied fully with the terms and undertakings outlined in Undertaking Paragraph (2) (a) above. Documentation evidencing installation of meter protection at 1859 North Route 71 in Lebanon, Virginia and at the Lebanon Gate Station has been submitted to the Division. In addition, documentation evidencing that cathodic protection and a fence has been installed at the Lebanon Gate Station has been submitted to the Division.

(5) On or before October 1, 2010, ANGD shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the President of Appalachian Natural Gas Distribution Company, certifying that the Company completed the remedial action set forth in Undertaking Paragraph (2) (e) above.

[1] "Call Miss Utility at 811 before you dig. Allow the required time for marking. Respect the marks. Excavate Carefully."

(6) On or before December 31, 2010, ANGD shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the President of Appalachian Natural Gas Distribution Company, certifying that the Company completed the remedial actions set forth in Undertaking Paragraph (2) (f) above.

(7) On or before July 1, 2011, ANGD shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the President of Appalachian Natural Gas Distribution Company, certifying that the Company completed the remedial actions set forth in Undertaking Paragraphs (2) (b) and (2) (d) above.

(8) On or before June 30, 2013, ANGD shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the President of Appalachian Natural Gas Distribution Company, certifying that the Company completed the remedial actions set forth in Undertaking Paragraph (2) (c) above.

(9) Upon timely receipt of said affidavits described in Undertaking Paragraphs (5), (6), (7), and (8) above, the Commission may suspend up to One Hundred Fifty-three Thousand Dollars ($153,000) of the amount set forth in Undertaking Paragraph (1) above. Should ANGD fail to tender the affidavits required by Undertaking Paragraphs (5), (6), (7), and (8) above, or fail to take the actions required by Undertaking Paragraph (2) above, a payment of One Hundred Fifty-three Thousand Dollars ($153,000) shall become due and payable, and the Company shall immediately notify the Division of the reasons for ANGD's failure to accomplish the actions required by Undertaking Paragraphs (2), (5), (6), (7), and (8) above. If, upon investigation, the Division determines that the reason for said failure justifies a payment lower than One Hundred Fifty-three Thousand Dollars ($153,000), 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.

(10) Any amounts paid in accordance with Undertaking Paragraph (1) of this Order shall not be recovered in the Company's rates as part of ANGD's cost of service. Any such amounts shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the journal entries made to record such amounts with the Commission's Division of Public Utility Accounting.

NOW THE COMMISSION, finding sufficient basis herein for the entry of this Order and in reliance on the Defendant's representations and undertakings set forth above, is of the opinion and finds that 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-2010-00055.

(2) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of compromise and settlement made by ANGD be, and it hereby is, accepted.

(3) Pursuant to § 56-257.2 B of the Code of Virginia, ANGD shall pay the amount of One Hundred Sixty-three Thousand Dollars ($163,000), which may be suspended and subsequently vacated in part as provided in Undertaking Paragraph (1) of this Order.

(4) The sum of Ten Thousand Dollars ($10,000) tendered contemporaneously with the entry of this Order is accepted. The remaining One Hundred Fifty-three Thousand Dollars ($153,000) is due as outlined herein and may be suspended and subsequently vacated, in whole or in part, provided the Company timely undertakes the actions required in Undertaking Paragraph (2) of this Order and files the timely certification of the remedial actions as required by Undertaking Paragraphs (5), (6), (7), and (8) of this Order.

(5) The Commission shall retain jurisdiction over this matter for all purposes, and this case shall be continued pending further order of the Commission.

CASE NO. URS-2010-00056
APRIL 6, 2010

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
SUFFOLK TRANSMISSION PARTNERS L.P.,
Defendant

ORDER OF SETTLEMENT

The federal pipeline safety statutes found at 49 U.S.C. § 60101 *et seq*. ("Act"), formerly the Natural Gas Pipeline Safety Act, require the Secretary of Transportation ("Secretary") to establish minimum federal safety standards for the transportation of gas and pipeline facilities. The Secretary is further authorized to delegate to an appropriate state agency the authority to prescribe safety standards and enforce compliance with such standards over gas pipeline facilities used for intrastate transportation.

The State Corporation Commission ("Commission") has been designated as the appropriate state agency for the Commonwealth of Virginia to prescribe and enforce compliance with standards for gas pipeline facilities used for intrastate transportation. In Case No. PUE-1989-00052, the Commission adopted Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations to serve as minimum gas pipeline safety standards ("Safety Standards") in Virginia. The Commission is authorized to enforce the Safety Standards for natural gas facilities under § 56-257.2 B of the Code of Virginia, which allows the Commission to impose the fines and penalties authorized therein.

The Commission's Division of Utility and Railroad Safety ("Division") is charged with the investigation of each jurisdictional gas company's compliance with the Safety Standards, has conducted various inspections of records, operation and maintenance activities involving Suffolk Transmission Partners L.P. ("STP" or "Company"), and alleges that:

(1) STP is a person within the meaning of § 56-257.2 B of the Code of Virginia; and

(2) The Company violated the Commission's Safety Standards by the following conduct:

(a) 49 C.F.R. § 192.706 - Failing on two occasions to conduct leak surveys on a transmission line at intervals not exceeding 15 months, but at least once each calendar year;

(b) 49 C.F.R. § 192.707 (d)(2) - Failing on sixty occasions to have required information on a pipeline marker including the name of the operator and the telephone number (including area code) where the operator can be reached at all times; and

(c) 49 C.F.R. § 192.805 (b) - Failing on one occasion to ensure through evaluation that individuals performing covered tasks are qualified.

The Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters arising from the allegations made against it, STP represents and undertakes that the Company shall pay to the Commonwealth of Virginia the amount of Sixteen Thousand Five Hundred Dollars ($16,500), which shall be paid contemporaneously with the entry of this Order. The payment will be made by check, payable to the Treasurer of Virginia, and directed to the attention of the Director of the Division of Utility and Railroad Safety, Post Office Box 1197, Richmond, Virginia, 23218-1197.

NOW THE COMMISSION, finding sufficient basis herein for the entry of this Order and in reliance on the Defendant's representations and undertakings set forth above, is of the opinion and finds that the offer of compromise and settlement set forth above should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The captioned case shall be docketed and assigned Case No. URS-2010-00056.

` (2) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of compromise and settlement made by STP be, and it hereby is, accepted.

(2) Pursuant to § 56-257.2 B of the Code of Virginia, STP shall pay the amount of Sixteen Thousand Five Hundred Dollars ($16,500) in settlement hereof.

(3) The sum of Sixteen Thousand Five Hundred Dollars ($16,500) tendered contemporaneously with the entry of this Order is accepted.

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

CASE NO. URS-2010-00137
JULY 23, 2010

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
VIRGINIA UTILITY PROTECTION 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 May 18, 2010, Curtis Drilling Incorporated ("Excavator") notified Virginia Utility Protection Service, Inc. ("VUPS"), of its plan to excavate at or near 14144 Jefferson Davis Highway, Caroline County, Virginia (Ticket No. A013801329-00A);

(2) On or about May 24, 2010, the Excavator damaged a twenty-four-inch steel gas transmission line operated by Virginia Natural Gas, Inc. ("VNG"), located at or near 14144 Jefferson Davis Highway, Caroline County, Virginia, while excavating;

(3) On the occasion set out in paragraph (1) above, VUPS failed to notify VNG of plans to excavate, in violation of § 56-265.22 A of the Code;

(4) On the occasion set out in paragraph (1), in response to the notice of excavation from the Excavator, VUPS also failed to notify Columbia Gas of Virginia, Inc., of plans to excavate, in violation of § 56-265.22 A of the Code; and

(5) On the occasion set out in paragraph (1), in response to the notice of excavation from the Excavator, VUPS notified Aqua Virginia, Inc. ("Aqua"), Caroline County Public Utilities Department ("CCPUD"), and Comcast Cable Communications, Inc. ("Comcast"), when in fact, no underground utility lines operated by Aqua, CCPUD, and Comcast were located in the area of the proposed excavation, in violation of § 56-265.22 A of the Code.

As evidenced in the attached Admission and Consent document, VUPS neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, VUPS represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Five Thousand Six Hundred Fifty Dollars ($5,650) 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) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by VUPS is hereby accepted.

(2) The sum of Five Thousand Six Hundred Fifty Dollars ($5,650) tendered contemporaneously with the entry of this Order is accepted.

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

CASE NO. URS-2010-00156
JULY 23, 2010

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
GW COMMUNICATIONS, 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 April 1, 2010, GW Communications, LLC ("Company"), notified the notification center of proposed excavation at or near 81 Clermont Drive, Stafford County, Virginia;

(2) On or about April 2, 2010, the Company notified the notification center of proposed excavation at or near 30 Little Oak Road, Stafford County, Virginia;

(3) On or about April 2, 2010, the Company notified the notification center of proposed excavation at or near 404 Dundee Place, Stafford County, Virginia;

(4) On or about April 5, 2010, the Company notified the notification center of proposed excavation at or near 91 Aspen Hill Drive, Stafford County, Virginia;

(5) On or about April 8, 2010, the Company notified the notification center of proposed excavation at or near 126-127 Kings Mill Drive, Fredericksburg, Virginia;

(6) On or about April 9, 2010, the Company notified the notification center of proposed excavation at or near 40-44 Melanie Hollow Drive, Stafford County, Virginia; and

(7) On the occasions set out in paragraphs (1) through (6) above, the Company failed to commence excavation within thirty working days from the date of the original notification to the notification center, in violation of § 56-265.24 F of the Code.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Five Thousand Two Hundred Fifty Dollars ($5,250) 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) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Five Thousand Two Hundred Fifty Dollars ($5,250) tendered contemporaneously with the entry of this Order is accepted.

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

CASE NO. URS-2010-00159
JULY 7, 2010

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
NEW YORK CONCRETE CORP.,
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 30, 2010, New York Concrete Corp. ("Company") damaged a three-quarter-inch plastic gas service line operated by Washington Gas Light Company, located at or near 1840 Carpenter Road, Lot 201, Alexandria, Virginia, while excavating;

(2) On or about March 30, 2010, the Company damaged a three-quarter-inch plastic gas service line operated by Washington Gas Light Company, located at or near 1850 Carpenter Road, Lot 206, Alexandria, Virginia, while excavating;

(3) On or about May 12, 2010, the Company excavated at or near 1857-1861 Potomac Greens Drive, Alexandria, Virginia;

(4) On the occasions set out in paragraphs (1) through (3) 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;

(5) On the occasions set out in paragraphs (1) through (3) above, the Company failed to expose the underground utility lines 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 lines, in violation of 20 VAC 5-309-140 2 of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act;

(6) On the occasions set out in paragraphs (1) and (2) above, the Company failed to immediately notify the operator of the damage, in violation of § 56-265.24 D of the Code; and

(7) On the occasions set out in paragraphs (1) and (2) above, the Company failed to take steps to safeguard life, health, and property, in violation of § 56-265.24 E of the Code.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As 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 check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Five Thousand Six Hundred Dollars ($5,600) 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-2010-00161
JULY 20, 2010

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
PROMARK UTILITY LOCATORS, INC.,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act ("Act"), § 56-265.14 *et seq*. of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between December 7, 2009, and May 4, 2010, 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; and

(2) During the aforementioned period, the Company has violated the Act by the following conduct:

(a) Failing on certain occasions to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines, in violation of § 56-265.19 A 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; and

(c) Failing on certain occasions to use all information necessary to mark their facilities accurately, in violation of 20 VAC 5-309-110 M of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, which include 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 Eight Hundred Fifty Dollars ($8,850) to be paid contemporaneously with the entry of this Order. This payment will be made by cashier's check or money order, payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Eight Thousand Eight Hundred Fifty Dollars ($8,850) tendered contemporaneously with the entry of this Order is accepted.

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

CASE NO. URS-2010-00162
JULY 29, 2010

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 March 4, 2010, and April 16, 2010, 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; and

(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 facilities accurately, in violation of 20 VAC 5-309-110 M of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, which include 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 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.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Eight Thousand Fifty Dollars ($8,050) tendered contemporaneously with the entry of this Order is accepted.

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

CASE NO. URS-2010-00164
JULY 7, 2010

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

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq*. of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

(1) On or about February 16, 2010, Mastec North America, Inc., damaged a three-quarter-inch plastic gas service line operated by Virginia Natural Gas, Inc. ("Company"), located at or near 801 Point Comfort Loop, York County, Virginia, while excavating;

(2) On or about March 16, 2010, Total Engineering Inc. damaged a one-inch steel gas service line operated by the Company, located at or near 100 Mapleshade Avenue, Norfolk, Virginia, while excavating;

(3) On or about March 18, 2010, Newport News Waterworks damaged a three-quarter-inch plastic gas service line operated by the Company, located at or near 404 River Road, Newport News, Virginia, while excavating;

(4) On the occasions set out in paragraphs (1) through (3) above, the Company failed to mark the underground utility lines by no later than 7:00 a.m. on the third working day following the excavator's notice to the notification center, in violation of § 56-265.19 A of the Code; and

(5) On the occasion set out in paragraph (1) above, the Company failed to prepare and maintain reasonably accurate installation records of the underground utility lines, in violation of 20 VAC 5-309-160 of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, the Company represents and undertakes that:

(1) The Company will pay a civil penalty to the Commonwealth of Virginia in the amount of Five Thousand One Hundred Fifty Dollars ($5,150) to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

(2) Any amounts paid in accordance with this Order shall not be recovered in the Company's rates as part of the cost of service. Any such amounts shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the journal entries made to record such amounts with the Commission's Division of Public Utility Accounting.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Five Thousand One Hundred Fifty Dollars ($5,150) tendered contemporaneously with the entry of this Order is accepted.

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

CASE NO. URS-2010-00166
JULY 30, 2010

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. 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; and

(2) The Company violated the Commission's Safety Standards by the following conduct:

(a) 49 C.F.R. § 192.273 (b) - Failing on one occasion to make a joint in accordance with written procedures that have been proven by test or experience to produce strong gastight joints;

(b) 49 C.F.R. § 192.361 (b) - Failing on one occasion to use backfill for a service line free of materials that could damage the pipe and pipe coating;

(c) 49 C.F.R. § 192.605 (a) - Failing on one occasion to follow Company Procedure Section 5232 (Prevention of Plastic Pipe Static Electricity Discharge) by not adhering to the manufacturer's instructions for application of the anti-static spray and wrap combination; and

(d) 49 C.F.R. § 192.725 (b) - Failing on one occasion in the Shenandoah Gas Division to test each service line temporarily disconnected from the main from the point of disconnection to the service line valve in the same manner as a new service line, before reconnecting.

The Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters arising from the allegations made against it, WGL represents and undertakes that:

(1) The Company shall pay to the Commonwealth of Virginia the amount of Forty-five Thousand One Hundred Twenty-five Dollars ($45,125), of which Thirty-nine Thousand One Hundred Twenty-five Dollars ($39,125) shall be paid contemporaneously with the entry of this Order. The remaining Six Thousand Dollars ($6,000) shall be due as outlined in Undertaking Paragraph (4) herein, and may be suspended and subsequently vacated in whole or in part by the Commission, provided the Company timely takes the actions required by Undertaking Paragraph (2) herein and tenders the requisite certification as required by Undertaking Paragraph (3) herein. The initial payment and any subsequent payments shall be made by check, payable to the Treasurer of Virginia, and directed to the attention of the Director, Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23218-1197.

(2) On or before September 15, 2010, the Company shall revise its Procedure Section 5232 (Prevention of Plastic Pipe Static Electricity Discharge) to better control static electricity on plastic pipe surfaces and train the appropriate employees to follow the revised procedure.

(3) On or before September 15, 2010, WGL shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the President of Washington Gas Light Company, certifying that the Company completed the remedial actions set forth in Undertaking Paragraph (2) above.

(4) Upon timely receipt of the affidavit required by Undertaking Paragraph (3) above, the Commission may suspend and subsequently vacate up to Six Thousand Dollars ($6,000) of the amount set forth in Undertaking Paragraph (1) above. Should WGL fail to tender the affidavit required by Undertaking Paragraph (3) above, or fail to take the actions required by Undertaking Paragraph (2) above, a payment of Six Thousand Dollars ($6,000) 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 Paragraph (2) above. If, upon investigation, the Division determines that the reason for said failure justifies a payment lower than Six Thousand Dollars ($6,000), 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) Any amounts paid in accordance with Undertaking Paragraph (1) of this Order shall not be recovered in the Company's rates as part of WGL's cost of service. Any such amounts shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the journal entries made to record such amounts with the Commission's Division of Public Utility Accounting.

NOW THE COMMISSION, finding sufficient basis herein for the entry of this Order and in reliance on the Defendant's representations and undertakings set forth above, is of the opinion and finds that 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-2010-00166.

(2) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of compromise and settlement made by WGL be, and it hereby is, accepted.

(3) Pursuant to § 56-257.2 B of the Code of Virginia, WGL shall pay the amount of Forty-five Thousand One Hundred Twenty-five Dollars ($45,125), part of which may be suspended and subsequently vacated as provided in Undertaking Paragraph (1) of this Order.

(4) The sum of Thirty-nine Thousand One Hundred Twenty-five Dollars ($39,125) tendered contemporaneously with the entry of this Order is accepted. The remaining Six Thousand Dollars ($6,000) is due as outlined herein and may be suspended and subsequently vacated, in whole or in part, provided the Company timely undertakes the actions required in Undertaking Paragraph (2) of this Order and files the timely certification of the remedial actions as required by Undertaking Paragraph (3) of this Order.

(5) The Commission shall retain jurisdiction over this matter for all purposes, and this case shall be continued pending further order of the Commission.

CASE NO. URS-2010-00200
OCTOBER 25, 2010

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
ONE VISION UTILITY SERVICES, LLC,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia ("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 7, 2010, and June 4, 2010, listed in Attachment A, involving One Vision Utility Services, LLC ("Company"), the Defendant, and alleges that:

(1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code 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; and

(2) During the aforementioned period, the Company has violated the Act by the following conduct:

(a) Failing on certain occasions to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines in violation of § 56-265.19 A of the Code.

(b) Failing on certain occasions to mark the underground utility lines within the time prescribed in the Act in violation of § 56-265.19 A of the Code.

(c) Failing on certain occasions to report to the notification center that lines had been marked or that they were not in conflict with the proposed excavation in violation of § 56-265.19 A of the Code.

(d) Failing on certain occasions to use all information necessary to mark their facilities accurately in violation of 20 VAC 5-309-110 M of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, which includes all probable violations presented to the Underground Utility Damage Prevention Advisory Committee, 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 Seven Thousand Nine Hundred Fifty Dollars ($7,950) to be paid contemporaneously with the entry of this Order. This payment will be made by cashier's check or money order, payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Seven Thousand Nine Hundred Fifty Dollars ($7,950) tendered contemporaneously with the entry of this Order is accepted.

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

CASE NO. URS-2010-00201
AUGUST 2, 2010

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
PROMARK UTILITY LOCATORS, INC.,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act ("Act"), § 56-265.14 *et seq*. of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between April 12, 2010, and June 3, 2010, 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; and

(2) During the aforementioned period, the Company has violated the Act by the following conduct:

(a) Failing on certain occasions to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines in violation of § 56-265.19 A 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; and

(c) Failing on certain occasions to use all information necessary to mark their facilities accurately in violation of 20 VAC 5-309-110 M of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, which includes all probable violations presented to the Underground Utility Damage Prevention Advisory Committee, 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 Five Hundred Fifty Dollars ($10,550) to be paid contemporaneously with the entry of this Order. This payment will be made by cashier's check or money order, payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Ten Thousand Five Hundred Fifty Dollars ($10,550) tendered contemporaneously with the entry of this Order is accepted.

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

CASE NO. URS-2010-00202
AUGUST 12, 2010

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 12, 2010, and June 18, 2010, 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; and

(2) During the aforementioned period, the Company violated the Act by the following conduct:

(a) Failing on certain occasions to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines in violation of § 56-265.19 A of the Code.

(b) Failing on certain occasions to mark the underground utility lines within the time prescribed in the Act in violation of § 56-265.19 A of the Code.

(c) Failing on certain occasions to report to the notification center that lines had been marked or that they were not in conflict with the proposed excavation in violation of § 56-265.19 A of the Code.

(d) Failing on certain occasions to use all information necessary to mark their facilities accurately in violation of 20 VAC 5-309-110 M of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, which includes all probable violations presented to the Underground Utility Damage Prevention Advisory Committee, 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 Six Thousand Four Hundred Fifty Dollars ($6,450) to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Six Thousand Four Hundred Fifty Dollars ($6,450) tendered contemporaneously with the entry of this Order is accepted.

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

CASE NO. URS-2010-00204
AUGUST 27, 2010

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*. ("Act"), formerly the Natural Gas Pipeline Safety Act, require the Secretary of Transportation ("Secretary") to establish minimum federal safety standards for the transportation of gas and pipeline facilities. The Secretary is further authorized to delegate to an appropriate state agency the authority to prescribe safety standards and enforce compliance with such standards over gas pipeline facilities used for intrastate transportation.

The State Corporation Commission ("Commission") has been designated as the appropriate state agency for the Commonwealth of Virginia to prescribe and enforce compliance with standards for gas pipeline facilities used for intrastate transportation. In Case No. PUE-1989-00052, the Commission adopted Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations to serve as minimum gas pipeline safety standards ("Safety Standards") in Virginia. The Commission is authorized to enforce the Safety Standards for natural gas facilities under § 56-257.2 B of the Code of Virginia, which allows the Commission to impose the fines and penalties authorized therein.

The Commission's Division of Utility and Railroad Safety ("Division") is charged with the investigation of each jurisdictional gas company's compliance with the Safety Standards, has conducted various inspections of records, construction, operation and maintenance activities involving 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; and

(2) The Company violated the Commission's Safety Standards by the following conduct:

(a) 49 C.F.R. § 192.353 (a) - Failing on four occasions to protect a meter and service regulator installed outside a building from vehicular damage that may be anticipated; and

(b) 49 C.F.R. § 192.603 (b) - Failing on one occasion to keep records necessary to administer the procedures established under 49 C.F.R. § 192.605; and

(c) 49 C.F.R. § 192.605 (a) - Failing on one occasion to follow Company Procedure P1, by not allowing at least twelve inches or three pipe diameters, whichever is greater, between a fusion joint and a squeeze off.

The Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters arising from the allegations made against it, RGC represents and undertakes that:

(1) The Company shall pay to the Commonwealth of Virginia the amount of Twenty-one Thousand Five Hundred Dollars ($21,500), of which Five Thousand Dollars ($5,000) shall be paid contemporaneously with the entry of this Order. The remaining Sixteen Thousand Five Hundred Dollars ($16,500) 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) and (3) herein and tenders the requisite certification as required by Undertaking Paragraph (5) 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 over the operation and maintenance of 2 gas master meter systems currently served by RGC.

(3) On or before December 31, 2010, the Company shall inspect all commercial meter sets to determine if they are adequately protected from accidental damage and correct any deficiencies found by the Company.

(4) The Company has complied fully with the terms and undertakings outlined in undertaking Paragraph (2) above. Documentation evidencing the Company's takeover of the operation and maintenance of 2 gas master meter systems that were served by RGC has been submitted to the Division.

(5) On or before December 31, 2010, RGC shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the President of Roanoke Gas Company, certifying that the Company completed the remedial actions set forth in Undertaking Paragraph (3) above.

(6) Upon timely receipt of the affidavit required by Undertaking Paragraph (5) above, the Commission may suspend and subsequently vacate up to Sixteen Thousand Five Hundred Dollars ($16,500) of the amount set forth in Undertaking Paragraph (1) above. Should RGC fail to tender the affidavit required by Undertaking Paragraph (5) above, or fail to take the actions required by Undertaking Paragraph (3) above, a payment of Sixteen Thousand Five Hundred Dollars ($16,500) shall become due and payable, and the Company shall immediately notify the Division of the reasons for RGC's failure to

accomplish the actions required by Undertaking Paragraph (3) above. If, upon investigation, the Division determines that the reason for said failure justifies a payment lower than Sixteen Thousand Five Hundred Dollars ($16,500), 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.

(7) Any amounts paid in accordance with Undertaking Paragraph (1) of this Order shall not be recovered in the Company's rates as part of RGC's cost of service. Any such amounts shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the journal entries made to record such amounts with the Commission's Division of Public Utility Accounting.

NOW THE COMMISSION, finding sufficient basis herein for the entry of this Order and in reliance on the Defendant's representations and undertakings set forth above, is of the opinion and finds that 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-2010-00204.

(2) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of compromise and settlement made by RGC be, and it hereby is, accepted.

(3) Pursuant to § 56-257.2 B of the Code of Virginia, RGC shall pay the amount of Twenty-one Thousand Five Hundred Dollars ($21,500), part of which may be suspended and subsequently vacated as provided in Undertaking Paragraph (1) of this Order.

(4) The sum of Five Thousand Dollars ($5,000) tendered contemporaneously with the entry of this Order is accepted. The remaining Sixteen Thousand Five Hundred Dollars ($16,500) is due as outlined herein and may be suspended and subsequently vacated, in whole or in part, provided the Company timely undertakes the actions required in Undertaking Paragraph (3) of this Order and files the timely certification of the remedial actions as 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 order of the Commission.

CASE NO. URS-2010-00205
AUGUST 20, 2010

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
ATMOS ENERGY CORPORATION,
Defendant

ORDER OF SETTLEMENT

The federal pipeline safety statutes found at 49 U.S.C. § 60101 *et seq*. ("Act"), formerly the Natural Gas Pipeline Safety Act, require the Secretary of Transportation ("Secretary") to establish minimum federal safety standards for the transportation of gas and pipeline facilities. The Secretary is further authorized to delegate to an appropriate state agency the authority to prescribe safety standards and enforce compliance with such standards over gas pipeline facilities used for intrastate transportation.

The State Corporation Commission ("Commission") has been designated as the appropriate state agency for the Commonwealth of Virginia to prescribe and enforce compliance with standards for gas pipeline facilities used for intrastate transportation. In Case No. PUE-1989-00052, the Commission adopted Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations to serve as minimum gas pipeline safety standards ("Safety Standards") in Virginia. The Commission is authorized to enforce the Safety Standards for natural gas facilities under § 56-257.2 B of the Code of Virginia, which allows the Commission to impose the fines and penalties authorized therein.

The Commission's Division of Utility and Railroad Safety ("Division") is charged with the investigation of each jurisdictional gas company's compliance with the Safety Standards, has conducted various inspections of records, construction, operation and maintenance activities involving Atmos Energy Corporation, ("Atmos" or "Company"), the Defendant, and alleges that:

(1) Atmos is a person within the meaning of § 56-257.2 B of the Code of Virginia; and

(2) The Company violated the Commission's Safety Standards by the following conduct:

(a) 49 C.F.R. § 192.605 (a) - Failing on one occasion to keep appropriate parts of the operations and maintenance manual at locations where operations and maintenance activities are conducted; and

(b) 49 C.F.R. § 192.605 (a) - Failing on one occasion to follow Company Procedure Chapter 4, by not allowing at least twelve inches or three pipe diameters, whichever is greater, between a fusion joint and a squeeze off.

The Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters arising from the allegations made against it, Atmos represents and undertakes that:

(1) The Company shall pay to the Commonwealth of Virginia the amount of Eighteen Thousand Dollars ($18,000), which shall be paid contemporaneously with the entry of this Order. The payment will be made by check, payable to the Treasurer of Virginia, and directed to the attention of the Director of the Division of Utility and Railroad Safety, Post Office Box 1197, Richmond, Virginia, 23218-1197.

(2) Any amounts paid in accordance with this Order shall not be recovered in the Company's rates as part of Atmos's cost of service. Any such amounts shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the journal entries made to record such amounts with the Commission's Division of Public Utility Accounting.

NOW THE COMMISSION, finding sufficient basis herein for the entry of this Order and in reliance on the Defendant's representations and undertakings set forth above, is of the opinion and finds that 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-2010-00205.

(2) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of compromise and settlement made by Atmos be, and it hereby is, accepted.

(3) Pursuant to § 56-257.2 B of the Code of Virginia, Atmos shall pay the amount of Eighteen Thousand Dollars ($18,000) in settlement hereof.

(4) The sum of Eighteen Thousand Dollars ($18,000) tendered contemporaneously with the entry of this Order is accepted.

(5) This case is hereby dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

CASE NO. URS-2010-00242
SEPTEMBER 14, 2010

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
JC ROMAN CONSTRUCTION COMPANY, LLC,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq*. of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

(1) On or about June 4, 2010, JC Roman Construction Company, LLC ("Company"), damaged a two-inch plastic gas main line operated by Washington Gas Light Company, located at or near Arlington Boulevard and Fallswood Glen Court, Fairfax County, Virginia, while excavating;

(2) On or about July 12, 2010, the Company damaged a twelve-inch iron water main line operated by Virginia-American Water Company, located at or near Mill Road and Stovall Street, Alexandria, Virginia, while excavating;

(3) On the occasions set out in paragraphs (1) and (2) 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;

(4) On the occasions set out in paragraphs (1) and (2) above, the Company failed to ensure sufficient clearance was maintained between the bore path and any underground utility lines during pullback, in violation of 20 VAC 5-309-150 4 of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act;

(5) On the occasion set out in paragraph (1) above, the Company failed to expose all utility lines which would be in the bore path by hand digging to establish the underground utility line's location prior to commencing bore, in violation of 20 VAC 5-309-150 6 of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act;

(6) On the occasion set out in paragraph (2) above, the Company failed to ensure the drill head locating device was functioning properly and within its specification, in violation of 20 VAC 5-309-150 7 of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act; and

(7) On the occasion set out in paragraph (2) 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.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Ten Thousand Nine Hundred Dollars ($10,900) 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 of Virginia, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Ten Thousand Nine Hundred Dollars ($10,900) tendered contemporaneously with the entry of this Order is accepted.

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

CASE NO. URS-2010-00248
SEPTEMBER 3, 2010

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 March 24, 2010, and June 18, 2010, 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; and

(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 (2) 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 their facilities accurately in violation of 20 VAC 5-309-110 M of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, which include 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 Seven Thousand Eight Hundred Dollars ($7,800) to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Seven Thousand Eight Hundred Dollars ($7,800) tendered contemporaneously with the entry of this Order is accepted.

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

CASE NO. URS-2010-00251
SEPTEMBER 3, 2010

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
WASHINGTON GAS LIGHT COMPANY,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq*. of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

(1) On or about May 4, 2010, Jones Utility Construction damaged a one-half-inch copper gas service line stub operated by Washington Gas Light Company ("Company"), located at or near North Randolph Street and 9th Street, Arlington County, Virginia, while excavating;

(2) On or about June 10, 2010, Four Points Excavating, Inc., damaged a three-quarter-inch plastic gas service line operated by the Company, located at or near 14424 Eagle Island Court, Prince William County, Virginia, while excavating;

(3) On or about June 14, 2010, G & E Communications, Inc., damaged a two-inch plastic gas service line operated by the Company, located at or near 5722 General Washington Drive, Fairfax County, Virginia, while excavating;

(4) On or about June 17, 2010, NPL Construction Co. damaged a two-inch plastic gas service line operated by the Company, located at or near Gaillard Road and Kuhn Road, Fairfax County, Virginia, while excavating;

(5) On or about June 22, 2010, First Choice Communications Systems L.L.C. damaged a one-quarter-inch plastic gas service line operated by the Company, located at or near 4213 Hemingway Drive, Prince William County, Virginia, while excavating;

(6) On the occasions set out in paragraphs (1) through (5) above, the Company failed to mark the underground utility lines by no later than 7:00 a.m. on the third working day following the excavator's notice to the notification center, in violation of § 56-265.19 A of the Code;

(7) On the occasion set out in paragraph (2) above, the Company failed to prepare and maintain reasonably accurate installation records of the underground utility lines, in violation of 20 VAC 5-309-160 of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act;

(8) On or about May 13, 2010, Atlantic Construction Company LLC damaged a one-half-inch plastic gas service line operated by the Company, located at or near 817 North Woodrow Street, Arlington County, Virginia, while excavating;

(9) On or about June 9, 2010, Homeowners Discount Plumbing, Inc., damaged a three-quarter-inch plastic gas service line operated by the Company, located at or near 9561 Covington Place, Prince William County, Virginia, while excavating; and

(10) On the occasions set out in paragraphs (8) and (9) above, the Company failed to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines, in violation of § 56-265.19 A of the Code.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, the Company represents and undertakes that:

(1) The Company will pay a civil penalty to the Commonwealth of Virginia in the amount of Seven Thousand One Hundred Dollars ($7,100) to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

(2) Any amounts paid in accordance with this Order shall not be recovered in the Company's rates as part of the cost of service. Any such amounts shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the journal entries made to record such amounts with the Commission's Division of Public Utility Accounting.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Seven Thousand One Hundred Dollars ($7,100) tendered contemporaneously with the entry of this Order is accepted.

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

CASE NO. URS-2010-00303
DECEMBER 28, 2010

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
ONE VISION UTILITY SERVICES, LLC,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act ("Act"), § 56-265.14 *et seq*. of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between May 6, 2010, and July 27, 2010, listed in Attachment A, involving One Vision Utility Services, LLC ("Company"), the Defendant, and alleges that:

(1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code 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; and

(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 their facilities accurately in violation of 20 VAC 5-309-110 M of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, which includes all probable violations presented to the Underground Utility Damage Prevention Advisory Committee, and set out in Attachment A hereto, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Nine Thousand Nine Hundred Dollars ($9,900) to be paid contemporaneously with the entry of this Order. This payment will be made by cashier's check or money order, payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Nine Thousand Nine Hundred Dollars ($9,900) tendered contemporaneously with the entry of this Order is accepted.

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

CASE NO. URS-2010-00304
OCTOBER 7, 2010

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
PROMARK UTILITY LOCATORS, INC.,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act ("Act"), § 56-265.14 *et seq*. of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between June 15, 2010, and August 3, 2010, 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; and

(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 their facilities accurately in violation of 20 VAC 5-309-110 M of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, which includes all probable violations presented to the Underground Utility Damage Prevention Advisory Committee, and set out in Attachment A hereto, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Twelve Thousand Six Hundred Dollars ($12,600) to be paid contemporaneously with the entry of this Order. This payment will be made by cashier's check or money order, payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Twelve Thousand Six Hundred Dollars ($12,600) tendered contemporaneously with the entry of this Order is accepted.

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

CASE NO. URS-2010-00306
NOVEMBER 9, 2010

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 July 1, 2010, and July 26, 2010, 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; and

(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 their facilities accurately in violation of 20 VAC 5-309-110 M of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, which includes all probable violations presented to the Underground Utility Damage Prevention Advisory Committee, 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 Five Thousand Six Hundred Fifty Dollars ($5,650) 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.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Five Thousand Six Hundred Fifty Dollars ($5,650) tendered contemporaneously with the entry of this Order is accepted.

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

CASE NO. URS-2010-00307
OCTOBER 21, 2010

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

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq*. of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

(1) On or about May 3, 2010, Gardner Electrical Corporation damaged a two-inch plastic gas main line operated by Virginia Natural Gas, Inc. ("Company"), located at or near 443 Kempsville Road, Norfolk, Virginia, while excavating;

(2) On or about June 21, 2010, Walter C. Via Enterprises, Inc., damaged a two-inch plastic gas main line operated by the Company, located at or near Maltby Avenue, Norfolk, Virginia, while excavating;

(3) On or about June 11, 2010, Chesapeake Bay Contractors, Inc., damaged a three-quarter-inch plastic gas service line operated by the Company, located at or near 4061 Indian River Road, Virginia Beach, Virginia, while excavating;

(4) On or about July 13, 2010, Ram Grading and Concrete, LLC, damaged a three-quarter-inch plastic gas service line operated by the Company, located at or near 8107 Redmon Road, Norfolk, Virginia, while excavating;

(5) On or about July 21, 2010, J. C. Driskill, Incorporated, damaged a one-and-one-quarter-inch plastic gas service line operated by the Company, located at or near 300 Jefferson Avenue, Newport News, Virginia, while excavating;

(6) On the occasions set out in paragraphs (1) through (5) above, the Company failed to mark the underground utility lines by no later than 7:00 a.m. on the third working day following the excavator's notice to the notification center, in violation of § 56-265.19 A of the Code;

(7) On the occasions set out in paragraphs (3) through (5) above, the Company failed to prepare and maintain reasonably accurate installation records of the underground utility lines, in violation of 20 VAC 5-309-160 of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act;

(8) On or about June 17, 2010, T & M Construction, Inc., damaged a one-half-inch plastic gas service line operated by the Company, located at or near 116 Darby Road, York County, Virginia, while excavating; and

(9) On the occasion set out in paragraph (8) above, the Company failed to mark the approximate horizontal location of the underground utility line on the ground to within two feet of either side of the underground utility line, in violation of § 56-265.19 A of the Code.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, the Company represents and undertakes that:

(1) The Company will pay a civil penalty to the Commonwealth of Virginia in the amount of Nine Thousand One Hundred Fifty Dollars ($9,150) to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

(2) Any amounts paid in accordance with this Order shall not be recovered in the Company's rates as part of the cost of service. Any such amounts shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the journal entries made to record such amounts with the Commission's Division of Public Utility Accounting.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Nine Thousand One Hundred Fifty Dollars ($9,150) tendered contemporaneously with the entry of this Order is accepted.

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

CASE NO. URS-2010-00308
NOVEMBER 16, 2010

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
WASHINGTON GAS LIGHT COMPANY,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

(1) On or about July 20, 2010, Carlos J. Mendoza damaged a one-quarter-inch plastic gas service line operated by Washington Gas Light Company ("Company"), located at or near 4512 Arendale Square, Fairfax County, Virginia, while excavating;

(2) On or about August 12, 2010, Arlington County damaged a three-quarter-inch plastic gas service line operated by the Company, located at or near 2700 South Lang Street, Arlington County, 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 7:00 a.m. on the third working day following the excavator's notice to the notification center, in violation of § 56-265.19 A of the Code;

(4) On or about July 9, 2010, Dale Street Drillers damaged a two-inch plastic gas service line operated by the Company, located at or near 6909 Metro Park Drive, Fairfax County, Virginia, while excavating;

(5) On or about July 16, 2010, J. G. Miller, Inc., damaged a two-inch plastic gas service line operated by the Company, located at or near 3200 Westley Road, Fairfax County, Virginia, while excavating; and

(6) On the occasions set out in paragraphs (4) and (5) above, the Company failed to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines, in violation of § 56-265.19 A of the Code.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, the Company represents and undertakes that:

(1) The Company will pay a civil penalty to the Commonwealth of Virginia in the amount of Five Thousand Dollars ($5,000) to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

(2) Any amounts paid in accordance with this Order shall not be recovered in the Company's rates as part of the cost of service. Any such amounts shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the journal entries made to record such amounts with the Commission's Division of Public Utility Accounting.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Five Thousand Dollars ($5,000) tendered contemporaneously with the entry of this Order is accepted.

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

CASE NO. URS-2010-00312
NOVEMBER 15, 2010

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
JC ROMAN CONSTRUCTION COMPANY, 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 September 23, 2010, JC Roman Construction Company, LLC ("Company"), excavated at or near Sullyfield Drive and Brookfield Corporate Drive, Fairfax County, 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 the occasion set out in paragraph (1) above, the Company failed to provide notice to the notification center (Miss Utility) with proper information, in violation of § 56-265.18 of the Code;

(4) On the occasion set out in paragraph (1) above, the Company failed to ensure sufficient clearance was maintained between the bore path and any underground utility lines during pullback, in violation of 20 VAC 5-309-150 4 of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act ("Rules");

(5) On the occasion set out in paragraph (1) above, the Company failed to expose all utility lines which would be in the bore path by hand digging to establish the underground utility line's location prior to commencing bore, in violation of 20 VAC 5-309-150 6 of the Rules; and

(6) On the occasion set out in paragraph (1) above, the Company failed to visually check the drill head as it passed through potholes, entrances, and exit pits, in violation of 20 VAC 5-309-150 8 of the Rules.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Six Thousand Five Hundred Fifty Dollars ($6,550) to be paid contemporaneously with the entry of this Order. The payment will be made by cashier's check or money order payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Six Thousand Five Hundred Fifty Dollars ($6,550) 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-2010-00341
NOVEMBER 23, 2010

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
PROMARK UTILITY LOCATORS, INC.,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act ("Act"), § 56-265.14 *et seq*. of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between June 9, 2010, and September 2, 2010, 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; and

(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 their facilities accurately in violation of 20 VAC 5-309-110 M of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, which includes all probable violations presented to the Underground Utility Damage Prevention Advisory Committee, 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 Thirteen Thousand Six Hundred Dollars ($13,600) to be paid contemporaneously with the entry of this Order. This payment will be made by cashier's check or money order, payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Thirteen Thousand Six Hundred Dollars ($13,600) tendered contemporaneously with the entry of this Order is accepted.

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

CASE NO. URS-2010-00383
DECEMBER 15, 2010

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 14, 2010, Piedmont Concrete Contractors, Inc., damaged a two-inch plastic gas main line operated by Roanoke Gas Company, located at or near 2609 Bandy Road, S.E., Roanoke County, Virginia, while excavating;

(3) On or about August 9, 2010, the Town of Vinton damaged a two-inch plastic gas main line operated by Roanoke Gas Company, located at or near Bush Drive at Fairmont Drive, Roanoke County, Virginia, while excavating;

(4) On the occasions set out in paragraphs (2) and (3) above, the Company failed to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines, in violation of § 56-265.19 A of the Code;

(5) On or about August 4, 2010, Classic City Mechanical, Inc., damaged a one-inch plastic gas service line operated by Columbia Gas of Virginia, Inc., located at or near 1810 Taylor Street, Lynchburg, Virginia, while excavating;

(6) On or about September 8, 2010, the City of Salem damaged a one-half-inch plastic gas service line operated by Roanoke Gas Company, located at or near 428 Goodwin Avenue, Roanoke County, Virginia, while excavating; and

(7) On the occasions set out in paragraphs (5) and (6) above, the Company failed to mark the underground utility line by no later than 7:00 a.m. on the third working day following the excavator's notice to the notification center, in violation of § 56-265.19 A of the Code.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Five Thousand Eight Hundred Dollars ($5,800) 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 of Virginia, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Five Thousand Eight Hundred Dollars ($5,800) tendered contemporaneously with the entry of this Order is accepted.

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

CASE NO. URS-2010-00386
DECEMBER 20, 2010

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
WASHINGTON GAS LIGHT COMPANY,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq*. of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

(1) On or about September 2, 2010, WCC Cable, Inc., damaged a one-quarter-inch plastic gas service line operated by Washington Gas Light Company ("Company"), located at or near 8710 Parry Lane, Fairfax County, Virginia, while excavating;

(2) On or about September 2, 2010, Arlington County damaged a three-quarter-inch steel gas service stub operated by the Company, located at or near 1511 28th Street South, Arlington County, Virginia, while excavating;

(3) On or about September 9, 2010, Fairfax Excavation & Paving Company, Inc., damaged a one-quarter-inch plastic gas service line operated by the Company, located at or near 14828 Cranoke Street, Fairfax County, Virginia, while excavating;

(4) On the occasions set out in paragraphs (1) through (3) above, the Company failed to mark the underground utility lines by no later than 7:00 a.m. on the third working day following the excavator's notice to the notification center, in violation of § 56-265.19 A of the Code;

(5) On or about September 2, 2010, Michael & Son Services, Inc., damaged a three-quarter-inch steel gas service line operated by the Company, located at or near 4816 Kingston Drive, Fairfax County, Virginia, while excavating; and

(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.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, the Company represents and undertakes that:

(1) The Company will pay a civil penalty to the Commonwealth of Virginia in the amount of Five Thousand One Hundred Dollars ($5,100) to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

(2) Any amounts paid in accordance with this Order shall not be recovered in the Company's rates as part of the cost of service. Any such amounts shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the journal entries made to record such amounts with the Commission's Division of Public Utility Accounting.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Five Thousand One Hundred Dollars ($5,100) tendered contemporaneously with the entry of this Order is accepted.

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

TABLES

CLERK'S OFFICE

Summary of the changes in the number of Virginia and foreign corporations and other types of business entities licensed to do business in Virginia, and of amendments and other filings related to the organizational documents of Virginia and foreign business entities during 2009 and 2010.

CORPORATIONS

	12/31/09	12/31/10
Virginia Corporations		
Certificates of Incorporation issued	13,640	13,455
Voluntary terminations	3,122	3,136
Involuntary terminations	1	0
Automatic terminations (Assessment/AR/RA Resignation)	15,533	15,083
Reinstatement of terminated corporations	5,103	4,916
Charters amended	2,514	2,433
On Record		
Active Stock Corporations	140,432	136,983
Active Non-Stock Corporations	38,883	40,123
Active Virginia Corporations	179,315	177,106

FOREIGN CORPORATIONS

Certificates of Authority to do business in Virginia issued	3,331	3,344
Voluntary withdrawals from Virginia	1,226	1,194
Automatic Revocations (Assessment/AR/RA Resignation)	2,472	2,250
Reentry of surrendered or revoked certificates	963	914
Charters amended	749	793
On Record		
Active Stock Corporations	35,269	35,403
Active Non-Stock Corporations	2,438	2,519
Active Foreign Corporations	37,707	37,922
Total Active Corporations (Virginia and Foreign)	217,022	215,028

LIMITED LIABILITY COMPANIES

Virginia Limited Liability Companies		
Certificates of Organization issued	33,317	34,515
Voluntary cancellations	3,397	3,824
Automatic cancellations (Assessment/RA Resignation)	22,725	22,854
Reinstatement of canceled certificates	3,593	4,179
Articles of Organization amended	3,439	2,403
On Record		
Active Virginia Limited Liability Companies	174,715	186,576
Foreign Limited Liability Companies		
Certificates of Registration issued	2,642	2,869
Voluntary cancellations	679	666
Automatic cancellations (Assessment/RA Resignation)	1,476	1,528
Reinstatement of canceled certificates	313	341
Certificates of Registration amended	76	0
On Record		
Active Foreign Limited Liability Companies	16,598	17,605
Total Active Limited Liability Companies (Virginia and Foreign)	191,313	204,181

BUSINESS TRUSTS

Virginia Business Trusts

Certificates of Trust issued	31	41
Voluntary cancellations	3	3
Automatic cancellations (Assessment/RA Resignation)	17	22
Reinstatement of canceled certificates	1	6
Articles of Trust amended	10	15
On Record		
Active Virginia Business Trusts	129	149

Foreign Business Trusts

Certificates of Registration issued	7	4
Voluntary cancellations	2	1
Automatic cancellations (Assessment/RA Resignation)	4	4
Reinstatement of canceled certificates	1	1
Certificates of Registration amended	0	0
On Record		
Active Foreign Business Trusts	47	47
Total Active Business Trusts (Virginia and Foreign)	176	196

LIMITED PARTNERSHIPS

Virginia Limited Partnerships

Certificates of Limited Partnership filed	250	210
Voluntary cancellations	152	103
Automatic cancellations (Assessment/RA Resignation)	348	277
Reinstatement of canceled certificates	89	108
Certificates of Limited Partnership amended	177	183
On Record		
Active Virginia Limited Partnerships	5,793	5,718

Foreign Limited Partnerships

Certificates of Registration issued	98	98
Voluntary cancellations	89	67
Automatic cancellations (Assessment/RA Resignation)		56
Reinstatement of canceled certificates	63	19
Certificates of Registration amended	33	0
On Record	10	
Active Foreign Limited Partnerships	1,687	1,677
Total Active Limited Partnerships (Virginia and Foreign)	7,480	7,395

GENERAL PARTNERSHIPS

General Partnership Statements filed	168	179
On Record		
Active Virginia General Partnerships	1,107	1,070
Active Foreign General Partnerships	105	98
Total Active General Partnerships (Virginia and Foreign)	1,212	1,168

REGISTERED LIMITED LIABILITY PARTNERSHIPS

Virginia Registered Limited Liability Partnerships filed	108	108
Foreign Registered Limited Liability Partnerships filed	27	14
Total Active Registered Limited Liability Partnerships (Virginia and Foreign)	1,369	1,385

COMPARISON OF REVENUES DEPOSITED BY THE CLERK'S OFFICE FOR THE FISCAL YEARS ENDING JUNE 30, 2009, AND JUNE 30, 2010

General Fund	**2009**	**2010**	**(Difference)**
Securities Application Fees-Utilities	$8,550.00	$8,650.00	$100.00
Charter Fees	1,354,645.00	1,246,580.00	(108,065.00)
Entrance Fees	1,333,136.00	1,198,468.00	(134,668.00)
Filing Fees	702,790.00	664,060.00	(38,730.00)
Registered Name	3,040.00	2,640.00	(400.00)
Registered Office and Agent	0.00	0.00	0.00
Service of Process	58,950.00	60,900.00	1,950.00
Copy and Recording Fees	365,045.00	354,145.26	(10,899.74)
SCC Annual Report Sales	1,034.98	1,304.00	269.02
Uniform Commercial Code Revenues	1,448,517.00	1,456,659.00	8,142.00
Excess Fees Paid into State Treasury	288,232.85	284,951.40	(3,281.45)
Miscellaneous Sales	0.00	0.00	0.00
TOTAL	$5,563,940.83	$5,278,357.66	($285,583.17)
Special Fund			
Domestic-Foreign Corp. Registration Fee	$32,370,534.86	$31,715,910.64	($654,624.22)
Limited Partnership Registration Fee	381,325.00	376,899.99	(4,425.01)
Reserved Name - Limited Partnership	11,125.00	10,950.00	(175.00)
Certificate Limited Partnership	29,175.00	27,200.00	(1,975.00)
Application Reg. Foreign LP	11,100.00	10,500.00	(600.00)
Reinstatement LP	15,200.00	16,950.00	1,750.00
Registration Fee LLC	7,577,640.40	8,236,445.01	658,804.61
Application For. Reg. LLC	273,750.00	271,550.00	(2,200.00)
Art of Org. Dom. LLC	3,286,296.50	3,355,950.00	69,653.50
AMEND, CANC, CORR. RAC, Etc. LLC	244,330.00	245,905.00	1,575.00
SCC Bad Check Fee	24,602.00	21,496.00	(3,106.00)
Interest on Del. Tax	0.00	0.00	0.00
Penalty on Non-Pay Fees by Due Date	1,128,922.25	1,188,290.00	59,367.75
Statement of Reg. As Domestic LLP	6,600.00	6,800.00	200.00
LLP Annual Continuation	63,350.00	64,950.00	1,600.00
Statement of Partnership Authority GP Dom	4,150.00	4,025.00	(125.00)
Statement of Partnership Authority GP For	275.00	300.00	25.00
Statement of Amendments - GP	1,225.00	1,800.00	575.00
Statement of Reg. As Foreign LLP	2,200.00	1,600.00	(600.00)
Statement of Amendment LLP	525.00	700.00	175.00
Reinstatement/Reentry LLC	365,170.00	418,155.00	52,985.00
Tape Sales, Misc Fees	63,000.00	45,000.00	(18,000.00)
Copies, Recording Fees	(52.00)	0.00	52.00
Recovery of Prior Yr Expenses	0.00	0.00	0.00
LLP Reinstatement	0.00	50.00	50.00
Expedite Fee Collected	1,564,600.00	1,514,282.00	(50,318.00)
TOTAL	$47,425,044.01	$47,535,708.64	$110,664.63
Valuation Fund			
Corp Operations Rec. of Copy and Cert. Fees	$4,380.50	$879.12	($3,501.38)
Recovery of Prior Yr. Expenses	66.00	0.00	(66.00)
TOTAL	$4,446.50	$879.12	($3,567.38)
Trust & Agency Fund			
Fines Imposed and Collected by SCC	$312,000.00	$1,306,213.41	$994,213.41
Debt Set Off Collection	41.30	0.00	41.30
TOTAL	$312,041.30	$1,306,213.41	$994,172.11
GRAND TOTAL	$53,305,472.64	$54,121,158.83	$815,686.19

COMPARISON OF FEES COLLECTED BY THE BUREAU OF FINANCIAL INSTITUTIONS FOR FISCAL YEARS ENDING JUNE 30, 2009 AND JUNE 30, 2010

	2009	2010
Banks	$6,751,439	$7,428,428
Savings Institutions and Savings Banks	10,072	9,178
Consumer Finance Licensees	729,483	758,288
Credit Unions	1,101,565	1,217,039
Trust subsidiaries and Trust Companies	43,196	43,560
Industrial Loan Associations	10,785	9,046
Money Order Sellers and Transmitters	48,000	21,000
Credit Counseling Agency Licensees	20,000	139,585
Mortgage Lenders and Mortgage Brokers	1,532,792	1,413,265
Mortgage Loan Originators	—	903,600
Check Cashers	92,050	94,400
Payday Lenders	754,306	602,878
Miscellaneous Collections	215,385	(32,121)
TOTAL	$11,309,073	$12,608,146

CONSUMER SERVICES

The Bureau received and acted upon 779 formal written complaints during 2010 and recovered $262,357 on behalf of Virginia consumers.

COMPARISON OF FEES AND TAXES COLLECTED BY THE BUREAU OF INSURANCE FOR THE FISCAL YEARS ENDING JUNE 30, 2009, AND JUNE 30, 2010

Kind General Fund	2009	2010	Increase or Decrease
Gross Premium Taxes of Insurance Companies	$387,304,742.66	$390,982,941.03	$3,678,198.37
Fraternal Benefit Societies Licenses	500.00	480.00	(20.00)
Interest on Delinquent Taxes	257,768.28	198,102.37	(59,665.91)
Penalty on non-payment of taxes by due date	140,439.93	261,187.07	120,747.14
Special Fund			
Company License Application Fee	24,000.00	18,000.00	(6,000.00)
Health Maintenance Organization License Fee	0.00	0.00	0.00
Automobile Club/ Agent Licenses	6,400.00	6,900.00	500.00
Insurance Premium Finance Companies Licenses	15,700.00	16,300.00	600.00
Agents Appointment Fees	15,404,311.00	15,780,000.00	375,689.00
Surplus Lines Broker Licenses	81,150.00	91,850.00	10,700.00
Home Service Contract Providers License Fee	6,000.00	4,000.00	(2,000.00)
Title Settlement Agents Fee	0.00	84,125.00	84,125.00
Producer License Application Fees	775,715.00	809,415.00	33,700.00
Surety Bail Bondsmen License Fee	0.00	0.00	0.00
P&C Consultant License Fees	68,050.00	68,350.00	300.00
Recording, Copying, and Certifying Public Records Fee	34,507.00	12,412.00	(22,095.00)
SCC Bad Check Fee	420.00	70.00	(350.00)
Managed Care Health Ins. Plan Appeals Fee	3,000.00	2,500.00	(500.00)
Administrative Penalty Payment	0.00	240,000.00	240,000.00
State Publication Sales	0.00	0.00	0.00
Assessments To Insurance Companies for Maintenance of the Bureau of Insurance	7,639,883.60	7,712,339.11	0.00 72,455.51
Reinsurance Intermediary Broker Fees	0.00	1,000.00	1,000.00
Reinsurance Intermediary Managers Fee	1,500.00	0.00	(1,500.00)
Managing General Agent Fees	7,500.00	9,000.00	1,500.00
Viatical Settlement Provider Lic. Fees	11,700.00	10,400.00	(1,300.00)
Viatical Settlement Broker Lic. Fees	19,600.00	16,350.00	(3,250.00)
MCHIP Assessment	0.00	0.00	0.00
Appointment Fee Penalty	141,650.00	87,650.00	(54,000.00)
Miscellaneous Revenue	357.00	(271.00)	(628.00)
Recovery of Prior Year Expenses	41,737.36	74,934.27	33,196.91
Fire Programs Fund	28,450,480.18	29,214,705.09	764,224.91
Fire Programs Fund Interest	39,578.36	2,183.15	(37,395.21)
DMV Uninsured Motorist Transfer	6,730,591.29	7,325,220.74	594,629.45

Flood Assessment Fund	285,795.58	276,589.08	(9,206.50)
Heat Assessment Fund	1,569,627.11	1,611,735.02	42,107.91
Fines Imposed by State Corporation Commission	1,324,613.00	892,450.00	(432,163.00)
Fraud Assessment Fund	5,087,120.79	4,986,528.44	(100,592.35)
Fraud Assessment Interest	13,166.53	3,359.29	(9,807.24)
TOTAL	$455,487,604.67	$460,800,805.66	$5,313,200.99

COMPARISON OF ASSESSMENT OF PUBLIC SERVICE COMPANIES FOR THE YEARS 2009 AND 2010

	Value of all Taxable Property Including Rolling Stock		
Class of Company	2009	2010	Increase or (Decrease)
Electric Light & Power Corporations	$21,821,175,593	$23,697,876,855	$1,876,701,262
Gas Corporations	1,753,520,159	1,814,804,166	61,284,007
Motor Vehicle Carriers (Rolling Stock only)	42,325,303	42,875,902	550,599
Telecommunications Companies	9,202,122,280	9,463,059,277	260,936,997
Water Corporations	179,996,759	212,119,171	32,122,412
TOTAL	$32,999,140,094	$35,230,735,371	$2,231,595,277

COMPARISON OF ASSESSMENT OF STATE TAXES OF PUBLIC SERVICE COMPANIES FOR THE YEARS 2009 AND 2010

	The Yearly License Tax		Increase or
Class of Company	2009	2010	(Decrease)
Electric Light & Power Corporations	$0	$0	$0
Gas Corporations	0	0	0
Water Corporations	1,557,137	1,768,413	$211,276
TOTAL	$1,557,137	$1,768,413.00	$211,276

Note: STATE TAXES ABOVE EXCLUDE License Tax for 2009 and 2010 on Electric and Gas companies. As a result of deregulation, these companies now pay a net corporate income tax and a consumption tax.

COMPARISON OF ASSESSMENT OF ADDITIONAL ANNUAL STATE TAX FOR VALUATION AND RATE MAKING OF CERTAIN CLASSES OF UTILITY COMPANIES FOR THE YEARS 2009 AND 2010

Class of Company	2009	2010	Increase or (Decrease)
Electric Light & Power Corporations	$0	$0	$0
Gas Corporations	0	0	0
Motor Vehicle Carriers	33,032	29,673	(3,359)
Railroad Companies	1,546,633	1,180,803	(365,830)
Telecommunications Companies	6,181,156	6,066,985	(114,171)
Virginia Pilots Association	22,196	20,341	($1,855)
Water Corporations	77,857	88,420	10,563
TOTAL	$7,860,874	$7,386,222	($474,652)

Railroad Companies assessed at seven-hundredths of one percent and all other companies at one-tenth of one percent.

Note: STATE TAXES ABOVE EXCLUDE Special Tax for 2009 and 2010 on Electric and Gas companies. As a result of deregulation, these companies now pay a net corporate income tax and a consumption tax.

COMPARATIVE STATEMENT OF ASSESSED VALUES OF PROPERTIES OF PUBLIC SERVICE CORPORATIONS AS ASSESSED BY THE STATE CORPORATION COMMISSION

Cities	2009	2010	Increase or (Decrease)
Alexandria	$741,820,133	$704,656,660	$(37,163,473)
Bedford	6,302,526	5,877,597	(424,929)
Bristol	11,360,623	12,737,168	1,376,545
Buena Vista	10,551,335	12,445,554	1,894,219
Charlottesville	102,513,375	121,179,435	18,666,060
Chesapeake	967,200,568	968,157,935	957,367
Colonial Heights	28,045,404	31,256,234	3,210,830
Covington	19,018,853	20,139,417	1,120,564
Danville	44,919,618	43,828,878	(1,090,740)
Emporia	12,459,539	16,557,298	4,097,759
Fairfax	113,223,125	109,684,977	(3,538,148)
Falls Church	22,342,932	21,900,674	(442,258)
Franklin	5,621,293	6,119,319	498,026
Fredericksburg	87,629,668	101,895,368	14,265,700
Galax	13,508,654	13,802,126	293,472
Hampton	269,224,429	304,874,326	35,649,897
Harrisonburg	43,278,158	42,790,626	(487,532)
Hopewell	387,780,908	387,279,492	(501,416)
Lexington	13,940,758	15,070,389	1,129,631
Lynchburg	186,814,911	191,731,744	4,916,833
Manassas	60,149,388	63,172,691	3,023,303
Manassas Park	25,967,059	27,492,400	1,525,341
Martinsville	22,486,376	21,580,234	(906,142)
Newport News	441,901,148	464,539,782	22,638,634
Norfolk	679,948,107	692,114,003	12,165,896
Norton	19,191,914	19,531,467	339,553
Petersburg	79,333,049	84,578,709	5,245,660
Poquoson	16,104,563	16,603,593	499,030
Portsmouth	316,662,313	315,044,320	(1,617,993)
Radford	14,319,608	16,235,718	1,916,110
Richmond	866,752,718	873,852,688	7,099,970
Roanoke	248,289,847	255,662,012	7,372,165
Salem	26,691,102	27,284,770	593,668
Staunton	60,749,098	59,680,856	(1,068,242)
Suffolk	216,898,659	225,581,479	8,682,820
Virginia Beach	881,568,868	927,249,666	45,680,798
Waynesboro	68,402,505	77,222,671	8,820,166
Williamsburg	52,590,843	54,263,485	1,672,642
Winchester	63,779,387	63,826,780	47,393
Total Cities	$7,249,343,362	$7,417,502,541	$168,159,179

COMPARATIVE STATEMENT OF ASSESSED VALUES OF PROPERTIES OF PUBLIC SERVICE CORPORATIONS AS ASSESSED BY THE STATE CORPORATION COMMISSION

Counties	2009	2010	Increase or Decrease
Accomack	317,851,731	322,543,159	$4,691,428
Albemarle	236,747,713	256,462,826	19,715,113
Alleghany	78,370,342	81,848,890	3,478,548
Amelia	24,981,709	27,653,448	2,671,739
Amherst	81,107,385	75,648,030	(5,459,355)
Appomattox	37,399,839	39,495,257	2,095,418
Arlington	689,167,010	673,865,109	(15,301,901)
Augusta	192,204,823	235,257,260	43,052,437
Bath	973,834,719	1,269,971,081	296,136,362
Bedford	211,651,003	216,575,054	4,924,051
Bland	66,927,931	67,478,296	50,365
Botetourt	143,699,260	162,783,671	19,084,411

Brunswick	46,092,617	49,754,397	3,661,780
Buchanan	77,633,498	77,652,251	18,753
Buckingham	45,850,385	238,186,099	192,335,714
Campbell	184,753,705	185,081,211	327,506
Caroline	373,264,797	418,276,923	45,012,126
Carroll	87,482,255	85,870,503	(1,611,752)
Charles City	25,691,603	51,896,856	26,205,253
Charlotte	33,760,814	35,220,961	1,460,147
Chesterfield	1,831,991,085	1,891,901,688	59,910,603
Clarke	48,437,635	49,825,457	1,387,822
Craig	12,128,654	12,789,391	660,737
Culpeper	144,617,848	163,213,494	18,595,646
Cumberland	27,189,030	31,537,643	4,348,613
Dickenson	36,804,149	4,138,047	(2,666,102)
Dinwiddie	96,851,088	103,769,594	6,918,506
Essex	38,666,812	39,202,856	536,044
Fairfax	3,439,980,281	3,316,166,774	(123,813,507)
Fauquier	582,441,261	595,948,086	13,506,825
Floyd	34,793,044	49,902,587	15,109,543
Fluvanna	499,635,599	510,898,918	11,263,319
Franklin	153,235,427	142,303,298	(10,932,129)
Frederick	213,759,503	360,426,207	146,666,704
Giles	170,132,718	175,679,818	5,547,100
Gloucester	75,965,554	80,613,575	4,648,021
Goochland	94,703,223	95,608,322	905,099
Grayson	31,992,223	35,501,087	3,508,864
Greene	31,156,349	32,637,383	1,481,034
Greensville	29,836,460	33,123,969	3,287,509
Halifax	1,088,357,293	1,150,882,600	62,525,307
Hanover	630,127,437	614,931,621	(15,195,816)
Henrico	865,325,077	927,806,491	62,481,414
Henry	118,761,752	131,389,395	12,627,643
Highland	14,732,596	16,978,531	2,245,935
Isle of Wight	204,863,963	225,259,662	20,395,699
James City	181,051,403	194,443,745	13,392,342
King and Queen	18,311,989	18,456,486	144,497
King George	265,578,538	295,188,324	29,609,786
King William	36,316,851	41,588,964	5,272,113
Lancaster	42,470,454	44,516,230	2,045,776
Lee	38,983,354	49,787,664	10,804,310
Loudoun	1,390,894,717	1,571,783,932	180,889,215
Louisa	2,351,861,834	2,371,420,503	19,558,669
Lunenburg	33,855,117	34,644,657	789,540
Madison	39,877,282	41,245,507	1,368,225
Mathews	13,896,370	14,710,448	814,078
Mecklenburg	200,310,607	217,391,865	17,081,258
Middlesex	33,301,317	32,479,120	(822,197)
Montgomery	156,330,960	156,971,515	640,555
Nelson	75,827,685	79,219,524	3,391,839
New Kent	73,281,581	75,497,669	2,216,088
Northampton	44,077,184	52,835,777	8,758,593
Northumberland	32,501,038	36,317,490	3,816,452
Nottoway	39,548,169	43,565,251	4,017,082
Orange	95,092,419	100,592,609	5,500,190
Page	51,108,471	53,711,073	2,602,602
Patrick	50,602,850	49,168,157	(1,434,693)
Pittsylvania	242,021,100	256,698,086	14,676,986
Powhatan	75,083,988	85,662,933	10,578,945
Prince Edward	44,500,682	51,803,056	7,302,374
Prince George	84,280,552	84,321,168	40,616
Prince William	1,303,733,648	1,411,421,490	107,687,842
Pulaski	110,675,410	113,096,580	2,421,170
Rappahannock	21,541,208	22,594,963	1,053,755
Richmond	39,170,519	28,708,750	(10,461,769)
Roanoke	220,334,189	219,597,207	(736,982)
Rockbridge	78,666,946	92,749,086	14,082,140
Rockingham	168,862,602	195,568,533	26,705,931
Russell	232,795,224	304,952,354	72,157,130
Scott	48,633,603	68,524,900	19,891,297
Shenandoah	122,741,029	161,514,712	38,773,683
Smyth	60,764,276	86,995,140	26,230,864
Southampton	89,407,657	99,278,427	9,870,770

Spotsylvania	291,218,894	278,593,281	(12,625,613)
Stafford	248,855,962	243,400,077	(5,455,885)
Surry	1,475,237,526	1,551,539,183	76,301,657
Sussex	38,272,061	36,568,514	(1,703,547)
Tazewell	106,080,541	110,295,987	4,215,446
Warren	62,541,314	80,658,747	18,117,433
Washington	146,647,422	150,254,447	3,607,025
Westmoreland	48,805,697	54,041,999	5,236,302
Wise	84,850,291	451,581,120	366,730,829
Wythe	122,015,253	116,344,451	(5,670,802)
York	429,694,445	444,097,451	14,403,006
Total Counties	$25,707,471,429	$27,770,356,928	$2,062,885,499
Total Cities & Counties	$32,956,814,791	$ 35,187,859,469	$2,231,044,678

COMPARISON OF FEES COLLECTED BY THE DIVISION OF SECURITIES AND RETAIL FRANCHISING FOR THE YEARS ENDING DECEMBER 31, 2009 AND DECEMBER 31, 2010

Kind	2009	2010	Increase or Decrease
Securities Act	$9,043785.81	$9,109,799.03	$66,013.22
Retail Franchising Act	469,700.00	460,350.00	(9,350.00)
Trademarks-Service Marks	23,540.00	$27,660.00	$4,120.00
Penalties	71,944.64	242,550.01	170,605.37
Global Settlement Penalties	4,677,988.63	2,362,411.61	(2,315,577.02)
Cost of Investigations	57,839.00	78,725.01	20,886.01
TOTAL	$14,344,798.08	$12,281,495.66	($2,063,302.42)

PROCEEDINGS AND ACTIVITIES BY DIVISIONS DURING THE YEAR 2010

DIVISION OF PUBLIC UTILITY ACCOUNTING

The following statistical data summarizes the following Cases: Rate, Rate Adjustment Clauses, Conservation & Ratemaking Efficiency Plans, Certificates, Annual Informational Filings/Earnings Tests, Fuel Factors, Compliance Audits, Depreciation Studies & Special Studies made by the Division of Public Utility Accounting in 2010.

General Rate Cases/2010 Statutory Reviews	
Electric Companies	3
Electric Cooperatives	3
Gas Companies	2
Water Companies	6
Total General Rate Cases/Statutory Reviews	14
Expedited Rate Cases	
Gas Companies	1
Total Expedited Rate Cases	1
Total Rate Cases	15
Certificate Cases	
Water Companies	2
Rate Adjustment Clauses/Demand Side Management Programs	
Electric Companies	6
Conservation and Ratemaking Efficiency Plans	
Gas Companies	1
Demand Response Programs	
Electric Companies	1
Annual Informational Filings/Earnings Tests	
Gas Companies	5
Water and Sewer Companies	1
Total Annual Informational Filings/Earnings Tests	6
Fuel Factor Cases	
Electric Companies	15
Depreciation Studies	
Gas Companies	1
Water Companies	2
Total Depreciation Studies	3
Miscellaneous Cases	
Gas Companies	3
Water Companies	1
Special Studies	
Electric	2
Total Special Studies	2

Affiliates Act and Utility Transfers Act:

During the year 2010, Division of Public Utility Accounting received applications filed under the Public Utilities Affiliates Act and the Utility Transfers Act pertaining to public utilities for processing, analysis, and study. The number and type of written reports submitted to the Commission recommending action and orders drawn are as follows:

Number of Utility Transfers Act Cases:	
Transfer of Assets	6
Transfer of securities or control	20
Number of Affiliate Cases:	
Service Agreements	6
Asset Transfers	2
Tax Allocation Agreements	1
Lease Agreements	2
Gas Purchases	1
Exemptions	1
Total Number of Cases	39

The average number of days to process applications and issue orders for applications filed under the Affiliates Act and the Utility Transfers Act for cases without hearings was as follows:

Electric	124
Gas	68
Water and Sewer	88
Telecommunications	54

One electric case went to hearing, which took 241 days to process (including hearing and issuance of an order).

The Commission's Division of Public Utility Accounting consisted of the following personnel on December 31, 2010:

Filled	Vacant	Description
	1	Director
2		Deputy Directors
4		Manager of Audits
1		Systems Supervisor
1		Administrative Supervisor
1		Senior Office Technician
3		Principal Public Utility Accountants
3		Senior Public Utility Accountant
7		Public Utility Accountants
22	1	Total Authorized: 23

DIVISION OF COMMUNICATIONS

The Division of Communications assists the Commission in carrying out its duties as prescribed by the Code of Virginia. It oversees the continued implementation of competition in landline telecommunications markets with the goal of achieving an effective regulatory environment that balances the advancement of competition with the protection of consumers. The Division assists the Commission in developing, implementing, and enforcing alternatives to traditional forms of regulation as competition evolves. It monitors, enforces, and makes interpretations on certain rates, tariffs, and operating procedures of investor-owned telecommunications utilities. The Division enforces service standards, assures compliance with tariff regulations, coordinates extended area service studies, enforces pay telephone regulations, and assists in carrying out provisions of the Federal Telecommunications Act of 1996. The Staff testifies in rate, service, and generic hearings, and meets with the public on communications issues and problems. The Division maintains territorial maps, performs special studies, monitors construction programs, and investigates and resolves consumer inquiries and complaints. The Staff also monitors developments at the federal level, and prepares Commission responses where appropriate.

At the end of 2010, there were subject to the regulatory oversight of the Division:

14	Incumbent Investor-Owned Local Exchange Telephone Companies
155	Competitive Local Exchange Telephone Companies
106	Long Distance Telephone Companies
126	Payphone Service Providers
10	Operator Service Providers for Payphones

SUMMARY OF 2010 ACTIVITIES

Consumer Complaints Investigated:	5,400
Wireline Complaints	5,145
Wireless Complaints	255
Total Consumer Credit Adjustments:	$679,617
Wireline Credit Adjustments	$633,438
Wireless Credit Adjustments	$46,179
Service Quality Oversight:	
Network Access Lines (reported as of June 30, 2010)	4,082,299
Tariff revisions received:	
Incumbent Local Exchange Companies	89
Competitive Local Exchange Companies	104
Interexchange Companies	60
Tariff sheets filed:	
Incumbent Local Exchange Companies	583
Competitive Local Exchange Companies	3,158
Interexchange Companies	471
Promotional Filings:	
Incumbent Local Exchange Companies	61
Competitive Local Exchange Companies	68
Interexchange Companies	15
Cases in which staff members prepared testimony, reports, or comments	42
Certificates of Convenience and Necessity:	
Competitive Local Exchange Companies	
Granted	9
Amended	3

Canceled	8
Interexchange Companies	
Granted	7
Amended	1
Canceled	5
Interconnection Agreements or Amendments approved or dismissed	100
Competitive Market Test Filings	4
Payphone registration and rules enforcement provided on:	
Local Exchange Company payphone service providers	10
Local Exchange Company payphones	8,036
Private payphone service providers	126
Private payphones	4,893
Payphone audits	566
General Network/Infrastructure Field Reviews	32

OTHER:

Assisted the Commission in the continued implementation and operation of the Federal Telecommunications Act of 1996.
Continued the Collaborative Committee on local competition market-opening measures.
Monitored Verizon Virginia's Performance Assurance Plan.
Assisted Commission counsel with respect to formal rate, service, and generic matters.
Participated in matters affecting communications policy with federal agencies.
Pursued various activities relating to the Commission's alternative plans for regulating telephone companies.
Continued outreach activities by making presentations to trade, associations, and telephone companies.
Represented the Commission during the General Assembly session on matters relating to telecommunications legislation.
Responded to questionnaires and inquiries from the National Association of Regulatory Utility Commissioners ("NARUC") and others with respect to telecommunications matters.
Conducted operational reviews with facilities-based telecommunications providers.
Managed Virginia's telephone number utilization program.
Monitored Virginia Universal Service Plan Participation.
Staff member serves on the NARUC Staff Subcommittee on Communications.
Staff member serves on the NARUC Staff Subcommittee on Consumer Affairs.

DIVISION OF ECONOMICS AND FINANCE

The Division of Economics and Finance performs analysis and research on economic and financial issues pertaining to utility regulation. The Division also provides analytical and research support as needed by non-utility divisions within the Commission.

The Division has ongoing responsibility for:
- issuing monthly Fuel Price Index reports;
- maintaining and issuing monthly reports for the electric utility Fuel Monitoring System;
- issuing quarterly Natural Gas Price Index reports;
- analyzing and presenting testimony on capital structure, cost of capital, and other finance-related issues in utility rate cases;
- analyzing and presenting testimony on interest expense, appropriate earnings level and other finance-related issues in electric cooperative rate cases;
- monitoring the financial condition of Virginia utilities;
- monitoring the diversification activities of holding companies with utility subsidiaries operating in Virginia;
- reviewing annual financing plans of Virginia utilities;
- analyzing utility applications for the issuance of securities and providing the Commission with recommendations;
- conducting studies of intermediate/long range issues in electric, gas and telecommunications utility regulations;
- acquiring and running analytic computer models used to simulate, project, and/or evaluate utility operations and regulatory issues;
- monitoring intrastate telecommunications competition;
- monitoring certain incumbent local exchange companies participating in Plans for Alternative Regulation.
- collecting and maintaining reporting statistics required by Commission Rules for new entrants and certain ILECs in the telecommunications market;
- analyzing financial fitness of applicants seeking status as competitive local exchange and interexchange carriers, and municipal local exchange carriers;
- monitoring and maintaining files of electric utilities' Integrated Resource Plans;
- monitoring and maintaining files of gas utilities' Five Year Forecasts;
- providing statistical and graphic support for other SCC divisions;
- maintaining database management systems for preparation of economic and financial analysis in utility cases;
- maintaining a utility stock price database;
- maintaining an electric energy market price database;
- monitoring electric and natural gas retail access programs statewide and nationally;
- monitoring energy markets, including market power issues;
- monitoring and participating in Virginia's membership within the regional transmission organization known as PJM Interconnection, LLC
- analyzing applications for licenses to become a competitive service provider or aggregator;
- analyzing energy efficiency and customer demand-response programs and associated trends;
- analyzing effects of electricity generation from renewable resources; and
- analyzing financial fitness and need for construction of generating facilities, transmission lines or natural gas pipelines.

SUMMARY OF MAJOR ACTIVITIES DURING 2010

- Presented testimony on capital structure, cost of capital and other financial issues in eight investor-owned utility rate cases.
- Presented testimony on the appropriate level of interest expense and earnings in three electric cooperative rate cases.
- Presented testimony on the merits of four permissible rate rider adjustments for two investor-owned electric utilities.
- Completed six Annual Informational Filing reports for electric, gas, telephone and water utilities.

- Analyzed and processed 27 applications of utilities seeking authority to issue securities and prepared testimony in one such application.
- Processed the applications of and/or prepared reports regarding the financial condition of 15 competitive local exchange carriers and/or interexchange carriers.
- Prepared reports on three applications for a certificate to construct new electric generation or transmission facilities.
- Prepared testimony for four electric fuel factor proceedings.
- Prepared testimony for four natural gas proceedings regarding conservation and ratemaking efficiency plan, including a decoupling mechanism.
- Prepared reports regarding fourteen applications for electric utilities and cooperatives regarding a voluntary renewable portfolio standards program or renewable energy certificates.
- Reviewed and prepared a report for three electric utilities and five curtailable service providers regarding demand-side management, energy efficiency and demand response programs.
- Reviewed and began to prepare a report for two utilities regarding dynamic pricing pilot programs.
- Processed the applications of and prepared reports regarding the financial condition of nine companies seeking licensure as aggregators and/or competitive service providers.
- Reviewed and prepared a report for three utilities regarding waivers of certain Retail Access Rules.
- Reviewed and prepared a report for one electric utility and the electric cooperatives regarding abandonment of competitive bidding rules.
- Reviewed and prepared a report for one utility to revise cogeneration rates.
- Reviewed and began to prepare a report regarding a declaratory judgment of ownership of renewable energy certificates resulting from generation produced by non-utility generators using renewable resources.
- Developed and maintained various econometric models that help explain price movements in the PJM Interconnection.
- Developed rules regarding interconnection standards for distributed generation facilities.
- Supported and monitored activities regarding the continued development of Regional Transmission Organizations (PJM Interconnection, LLC) and associated participation of Virginia electric utilities.
- Monitored activities of the North American Energy Standards Board, encompassing wholesale and retail electricity and natural gas sectors, including smart grid initiatives.
- Developed the Status Report to the Commission on Electric Utility Regulation and Governor of Virginia regarding the Implementation of the Virginia Electric Utility Regulation Act pursuant to § 56-596 B of the Code of Virginia.
- Assisted development of a Consumer Education Plan, Virginia Energy Sense, regarding energy efficiency, energy conservation, demand-side management, demand response and renewable energy pursuant to §§ 56-592 and 56-592.1 of the Code of Virginia.
- Amended regulations governing net energy metering.
- Reviewed data from four investor-owned utilities regarding electric utility integrated resource plans.
- Developed a forecast of the consumption tax collected on electricity usage for Public Service Taxation.
- Developed a forecast of the consumption tax collected on natural gas usage for Public Service Taxation.
- Developed a forecast of budget items for Bureau of Insurance.
- Developed a forecast of the valuation fund for the Offices of Commission Comptroller and Public Service Taxation.
- Maintained a comprehensive database on competitive energy service providers.
- Participated in the Staff's analysis and report regarding Verizon VA's application for expansion of the competitive determination and deregulation of retail services throughout its incumbent territory.

DIVISION OF ENERGY REGULATION

Activities for Calendar Year 2010

The Division of Energy Regulation assists the Commission in fulfilling its statutory responsibilities pursuant to Title 56, Chapter 10 of the Code of Virginia. Activities include reviewing investor-owned electric, natural gas and water/sewer utilities' cost of service studies; reviewing allocation methods, depreciation rates and rate design philosophies; and providing expert testimony in that regard.

The Division provides expert testimony in certificate cases for service areas and major facility construction of public utilities and independent power producers. After such certificates are granted, the Division is responsible for maintaining the official certificates and associated maps.

The Division has monitoring responsibilities relative to: the collection of gas costs by gas utilities, the incurrence of wholesale purchased power expenses by electric cooperatives, and the recovery of fuel expenses and the construction and operation of major facilities by the investor-owned utilities. It also reviews extraordinary costs and policies related to nuclear power, including decommissioning of nuclear power plants and the storage of spent nuclear fuel.

The Division investigates and resolves informal consumer complaints/inquiries relative to regulated utilities and licensed electricity and natural gas suppliers.

Finally, it provides the Commission with technical expertise in regulatory policy related issues including both state and national proceedings associated with industry restructuring and mergers and acquisitions of natural gas and electric utilities.

Summary of Activities for Calendar Year 2010

Consumer Complaints and Inquiries Received	4,054
Written Public Comments Relative to Commission Cases Received	33,727
Testimony and Reports Filed by Staff	57
Certificates of Convenience and Necessity Granted, Transferred, or Revised	93
Affiliates Applications	5
Meter Tests Witnessed	3
Community Meetings and Presentations	2

BUREAU OF FINANCIAL INSTITUTIONS

The Bureau of Financial Institutions is responsible under Title 6.2 of the Code of Virginia for the regulation and supervision of the following types of institutions: state chartered banks, independent trust companies, state chartered savings institutions, state chartered credit unions, industrial loan associations, consumer finance licensees, money transmitter licensees, mortgage lenders and brokers, mortgage loan originators, credit counseling agencies, check cashers, motor vehicle title lenders, and payday lenders. Financial institutions domiciled outside of Virginia that have deposit taking subsidiaries within the Commonwealth are also subject to the Bureau regulatory authority, as are out-of-state deposit taking subsidiaries of financial holding companies domiciled in Virginia.

During the calendar year, the Bureau of Financial Institutions received, investigated, and processed 7,066 applications for various certificates of authority as shown below:

APPLICATIONS RECEIVED AND/OR ACTED UPON
BY THE BUREAU OF FINANCIAL INSTITUTIONS IN 2010

Bank Branches	26
Bank Branch Office Relocations	7
Bank Mergers	2
Bank Acquisitions Pursuant to § 6.2-704 A	3
Establish a Branch (out-of-the state Bank)	5
Establish a Trust Company Branch (out-of-state trust Company)	12
Out of State Independent Trust Branch Move	1
Out-of-State Branch Move (Bank)	1
Industrial Loan Move	2
Credit Union Mergers	1
Credit Union Service Facilities	6
Credit Union Office Relocations	4
New Consumer Finance	6
Acquire a Consumer Finance Institution	1
Consumer Finance Offices	24
Consumer Finance Other Business	4
Consumer Finance Office Relocations	2
New Mortgage Brokers	50
New Mortgage Lenders	18
New Mortgage Lenders and Brokers	35
Mortgage Lender Broker Additional Authority	18
Acquisitions of Mortgage Lenders/Brokers	31
Mortgage Additional Offices	331
Mortgage Office Relocations	264
Mortgage Loan Originator Licensees	5,851
New Motor Vehicle Title Lender	26
Motor Vehicle Title Lender Other Business	37
Motor Vehicle Title Lender Additional Offices	23
Motor Vehicle Title Lender Office Relocations	2
New Money Order Sellers/Money Transmitters	19
Acquisitions of Money Order Sellers/Money Transmitters	2
Credit Counseling Agency Additional Offices	96
Credit Counseling Office Relocations	62
New Credit Counseling Agencies	2
New Check Cashers	74
New Payday Lenders	1
Payday Office Relocations	5
Payday Lender Other Business	12

At the end of 2010, there were under the supervision of the Bureau 82 banks with 982 branches, 51 Virginia bank holding companies, 35 non-Virginia bank holding companies with banking offices in Virginia, 3 subsidiary trust companies, 1 savings institution, 50 credit unions, 5 industrial loan associations, 17 consumer finance companies with 145 Virginia offices, 65 money transmitters, 38 credit counseling agencies, 496 check cashers, 65 mortgage lenders with 187 offices, 517 mortgage brokers with 886 offices, 262 mortgage lender/brokers with 1,043 offices, 5,023 mortgage loan originators, 4 private trust companies, 13 motor vehicle title lenders with 152 offices, and 31 payday lenders with 289 offices.

BUREAU OF INSURANCE
ACTIVITIES FOR THE FISCAL YEAR ENDING JUNE 30, 2010

The regulation of insurance was transferred to the State Corporation Commission from the Auditor of Public Accounts in 1906. The Bureau of Insurance (Bureau) has licensed and examined the affairs of insurance companies since that time. Here in the Commonwealth of Virginia, the functions of the Bureau have increased with the complexity and importance of insurance in our daily lives. In keeping with the Commission's mission, Bureau staff strives to balance the interests of insurance consumers with its duty to regulate Virginia's business responsibility.

The Bureau of Insurance is divided into the following four divisions: The Financial Regulation Division licenses, analyzes, and examines insurance companies and, if necessary, takes steps to resolve financial problems before a company becomes unable to meet its obligations; the Life and Health Market Regulation Division regulates the activities of life, and accident and sickness insurers, health service plans and health maintenance organizations; the Property and Casualty Market Regulation Division regulates the activities of property and casualty insurers (automobile and homeowners); and the Agent Regulation and Administration Division regulates the activities of insurance agents, collects various special taxes and assessments on insurance companies and works in an auxiliary role in support of the Bureau's other divisions.

The regulatory functions of the Bureau of Insurance include: (1) Agent Investigations staff monitor the activities of insurance agents and agencies to ensure their actions comply with state law; (2) Consumer Services staff answer questions and assist consumers with problems concerning insurance companies or agents by investigating consumer complaints; (3) Market Regulation staff conduct on-site field examinations of insurance company practices in Virginia to ensure compliance with state law, to verify whether a company pays claims timely, to ensure that underwriting decisions are not unfairly discriminatory, and to evaluate marketing materials to ensure that they are not misleading; (4) the Office of the Managed Care Ombudsman promotes and protects the interests of covered persons under managed care health insurance plans (MCHIP) and assists consumers in understanding and exercising their rights of appeal of adverse decisions made by MCHIPs; and (5) Policy Forms and Rates Filing staff evaluate insurance policies and rates to ensure compliance with state law, that policies are written in understandable language, and that premiums charged are reasonable and not unfairly discriminatory.

SUMMARY OF 2010 ACTIVITIES

New insurance companies licensed to do business in Virginia	30
Insurance company financial statements analyzed	1,234
Financial examinations of insurance companies conducted	26
Property and Casualty insurance rules, rates and form submissions	4,449
Life and Health insurance policy forms and rates submissions	3,799
Property and Casualty insurance complaints received	2,065
Life and Health insurance complaints received	2,058
Market conduct examinations completed by the Life and Health Division	6
Market Regulation Continuum Actions completed by the Life and Health Division	19
Market conduct examinations completed by the Property and Casualty Division	19
Market Regulation Continuum Actions completed by the Property and Casualty Division	83
Insurance agents and agencies licensed	173,898
Tax and assessment audits	8,082
Ombudsman Office inquiries received	732
Individuals assisted by Ombudsman Office in appealing MCHIP denials	148

EXTERNAL APPEAL FISCAL YEAR 2010

Number of Cases Reviewed	197
Eligible Appeals	117
Ineligible Appeals	80
Eligibility Pending	0
Final Adverse Decision Upheld By Reviewer	63
Final Adverse Decision Overturned by Reviewer	38
Final Adverse Decision Modified	7
MCHIP Reversed Itself	7
Appeal Decisions Pending	0
Approximate Cost Savings to Appellants	$730,456

NOTICE OF INSURANCE-RELATED ENTITIES IN RECEIVERSHIP

Pursuant to Virginia Code § 38.2-1517, please TAKE NOTICE that the following insurance-related entities are in receivership under authority of various provisions of Title 38.2 of the Code of Virginia:

Fidelity Bankers Life Insurance Company d/b/a First Dominion Life Insurance (FBL/FD). Date of receivership: May 13, 1991. The company will not resume the transaction of the business of insurance. For more information/updates you can e-mail www.fblic.com.

HOW Insurance Company, a Risk Retention Group, Home Owners Warranty Corporation and Home Warranty Corporation (the HOW Companies). Date of receivership: October 7, 1994. The company will not resume the transaction of the business of insurance. For more information/updates you can e-mail www.howcorp.com.

The Commission is the Receiver, and Commissioner of Insurance Alfred W. Gross is the Deputy receiver, of FBL/FD and the HOW Companies. Any inquiries concerning the conduct of the receivership of First Dominion Life Insurance Company and the HOW Companies may be directed to their Special Deputy Receiver, Patrick H. Cantilo, Esquire, Cantilo & Bennett, LLP, Suite 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, Alfred W. Gross, is the Deputy Receiver of ROA and TRG. Any inquiries concerning the conduct of the receivership of ROA and TRG may be directed to Mike R. Parker, Receivership Operations Manager at 4200 Innsbrook Drive, Glen Allen, Virginia, or P.O. Box 85058, Richmond, Virginia 23285-5058 or by e-mail at www.reciprocalgroup.com.

Shenandoah Life Insurance Company (SLIC). Date of receivership: February 12, 2009. The State Corporation Commission was named receiver for SLIC by the Circuit Court of the City of Richmond.

The Commission is the Receiver, and the Commissioner of Insurance, Alfred W. Gross, is the Deputy Receiver of SLIC. Any inquiries concerning the conduct of the receivership of SLIC may be directed to Patrick H. Cantilo, Esquire, Cantilo & Bennett, LLP, Suite 300, 11401 Century Oaks Terrace, Austin, Texas 78758.

DIVISION OF SECURITIES AND RETAIL FRANCHISING

The Division of Securities and Retail Franchising of the State Corporation Commission is charged with the administration of the following laws:

Virginia Securities Act (known as the "Blue Sky" Law), Virginia Code §§ 13.1-501 through 13.1-527.3.
Virginia Trademark and Service Mark Act, Virginia Code §§ 59.1-92.1 through 59.1-92.21.
Virginia Retail Franchising Act, Virginia Code §§ 13.1-557 through 13.1-574.

UNDER THE VIRGINIA SECURITIES ACT:

41	securities registrations approved
14	securities registrations denied, withdrawn, or terminated
3,104	investment company notice filings originals and renewals accepted
446	investment company notice filings originals and renewals denied, withdrawn, or terminated
30	exemptions from registration approved
2	exemptions from registration denied, withdrawn, or terminated
1,624	exemption notice filings for federal-covered securities accepted
45	exemption notice filings for federal-covered securities denied, withdrawn, or terminated
2,385	broker-dealer registrations and renewals approved
188	broker-dealer registrations and renewals denied, withdrawn, or terminated
118	broker-dealer audits completed
185,370	broker-dealer agent registrations and renewals approved
30,414	broker-dealer agent registrations and renewals denied, withdrawn, or terminated
3,002	investment advisor registrations, renewals, and amendments approved
208	investment advisor registrations, renewals, and amendments denied, withdrawn, or terminated
94	investment advisor audits completed
352	audit violation deficiencies resolved
13,264	investment advisor representative registrations and renewals approved
2,323	investment advisor representative registrations and renewals denied, withdrawn, or terminated
81	agent of issuer registrations and renewals approved
12	agent of issuer registrations and renewals denied, withdrawn, or terminated
128	investigations completed

UNDER THE VIRGINIA TRADEMARK AND SERVICE MARK ACT:

779	trademarks and/or service marks approved, renewed, or assigned
496	trademarks and/or service marks denied, abandoned, expired, or withdrawn

UNDER THE VIRGINIA RETAIL FRANCHISING ACT:

1,573	franchise registrations, renewals, or post-effective amendments approved
441	franchise registrations, renewals, or post-effective amendments denied, withdrawn, non-renewed, or terminated
26	investigations completed

ORDERS, JUDGMENTS AND SETTLEMENTS:

14	orders granting exemptions and/or official interpretations
615	orders for subpoena of records by banks, corporations, and individuals
40	orders of show cause
35	judgments of compromise and settlement
31	final orders and/or judgments
14	temporary injunctions
2	special supervision

COMPLAINTS:

155	resulting in investigations
36	referred
11	no authority to investigate
30	no violation of Securities or Franchise Acts

TELEPHONE CALLS AND E-MAILS:

18	investigation general inquiry
1,576	investigation pending
182	enforcement general inquiry

4,289	enforcement pending
4,771	registration general inquiry
15,511	registration pending
25	audit general inquiry
649	audit pending
994	examination general inquiry
8,975	examination pending

UNIFORM COMMERCIAL CODE

The Clerk's Office is the central filing office in the Commonwealth for financing statements, amendments, assignments and terminations filed under the Uniform Commercial Code – Secured Transactions. The Clerk's Office is the filing office in the Commonwealth for notices and certificates applicable to the personal property of corporations and partnerships filed under the Uniform Federal Lien Registration Act.

SUMMARY OF CALENDAR YEAR ACTIVITIES

	12/31/09	12/31/10
Financing/Subsequent Statements Filed	65,288	65,693
Federal Tax Liens/Subsequent Liens Filed	4,565	7,495
Reels of Microfilmed documents sold	392	404

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 investigation of incidents. In 2010, the Division's pipeline safety activities involved 9 natural gas companies, with a total of 20,414 miles of pipelines serving 1,175,675 customers, 130 master-metered operators, 33 propane systems and 4 hazardous liquid pipeline companies with a total of 897 miles of pipelines.

Summary of 2010 Activities

Gas Safety Inspection Man-days Conducted	745
Hazardous Liquid Safety Inspection Man-days Conducted	82
Number of Counts of Probable Violations Cited	659
Pipeline Accidents Investigated	25
Pipeline Safety Trainings Conducted	28
Testimony and Reports Prepared	2

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 3,600 miles of track and thousands of cars and locomotives.

Summary of 2010 Activities

Number of Track Units[1] Inspected	5,093
Number of Locomotive and Car Units[2] Inspected	16,374
Number of Operating Practice Units[3] Inspected	1,387
Number of Defects Noted	6,070
Number of Violations Cited	91
Number of Accidents Investigated	184
Number of Complaints Investigated	81

The Damage Prevention Section of the Division investigates all reports of "probable violations" of the Underground Utility Damage Prevention Act ("Act") and on a monthly basis presents its findings and recommendations to an Advisory Committee appointed in accordance with the Act. This Committee then makes enforcement recommendations to the Commission. The Division provides free training relative to the Act and safe digging practices to excavators, utilities and others, conducts public education campaigns and promotes partnership among the stakeholders to further underground utility damage prevention in Virginia.

[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.

Summary of 2010 Activities

Underground Utility Damage Reports Investigated	1,333
Number of Individuals Having Received Damage Prevention Training	3,480
Number of Damage Prevention Educational Material Disseminated	75,890
Number of Damage Prevention Field Audits Conducted	654

INDEX OF LEADING MATTERS DISPOSED OF BY FORMAL ORDERS

- 1 -

- 3 -

- A -

- B -

- C -

- D -

- E -

- F -

- G -

- H -

- I -

- J -

- K -

- L -

- M -

- N -

- O -

- P -

- Q -

- R -

- S -

- T -

- U -

- V -

- W -

- X -

- Y -

- Z -

LIST OF CASES ESTABLISHED IN 2010

BAN/BFI: **BUREAU OF FINANCIAL INSTITUTIONS**

BAN20100001 Selene Finance LP - For a mortgage broker's license
BAN20100002 DIYA INVESTMENT LLC d/b/a Super Highs Dairy Store - To open a check casher at 7708 Gunston Plaza, Lorton, VA
BAN20100003 K. Hovnanian American Mortgage, L.L.C. - To relocate mortgage office from 235 N. Westmonte Drive, Altamonte Springs, FL to 762 Northlake Boulevard, Suite 1004, Altamonte Springs, FL
BAN20100004 Alcova Mortgage LLC - To open a mortgage office at 13541 E. Boundary Road, Midlothian, VA
BAN20100005 Alcova Mortgage LLC - To open a mortgage office at 3867-C Old Buckingham Road, Powhatan, VA
BAN20100006 The Loanleaders of America, Inc. - To relocate mortgage office from 2081 Business Center Drive, Suite 150, Irvine, CA to 3 MacArthur Place, Suite 650, Santa Ana, CA
BAN20100007 Jones Finance and Real Estate Investments, Inc. d/b/a JFREI Mortgage - To relocate mortgage office from 10432 Balls Ford Road, Suite 366, Manassas, VA to 11496 Howar Court, Manassas, VA
BAN20100008 Jacob Dean Mortgage, Inc. - To open a mortgage office at 300 Reisterstown Road, Suite 109, Baltimore, MD
BAN20100009 GMAC Mortgage, LLC d/b/a Ditech - To relocate mortgage office from 2101 Rexford Road, Suite 250W, Charlotte, NC to 2101 Rexford Road, Suite 350W, Charlotte, NC
BAN20100010 MarC Trust Mortgage, LLC - To open a mortgage office at 6564 John Barton Payne Road, Marshall, VA
BAN20100011 Greenbrier Home Mortgage, Inc. - To relocate mortgage office from 1021 Eden Way, North, Suite 110, Chesapeake, VA to 99 Fleetwood Road, Chesapeake, VA
BAN20100012 Assurity Financial Services, LLC - To open a mortgage office at 210 N. Mail Street, Suite 1, Culpeper, VA
BAN20100013 Burke & Herbert Bank & Trust Company - To open a branch at 14122 Lee Highway, Centreville, VA
BAN20100014 Burke & Herbert Bank & Trust Company - To open a branch at 6705 Whittier Avenue, McLean, VA
BAN20100015 LoanDepot.com, Inc. - To relocate mortgage office from 2601 Main Street, Suite 450, Irvine, CA to 3355 Michelson Drive, Suite 300, Irvine, CA
BAN20100016 Trilogy Mortgage Holdings, Inc. - To acquire 25 percent or more of loanDepot.com, LLC
BAN20100017 Parthenon LoanDepot Holdings, Inc. - To acquire 25 percent or more of loanDepot.com, LLC
BAN20100018 Spectra Funding, Inc. - To open a mortgage office at 8230 Boone Boulevard, Suite 400, Vienna, VA
BAN20100019 Primerica Financial Services Home Mortgages, Inc. - To relocate mortgage office from 1900 Campus Commons Drive, Suite 100, Reston, VA to 22960 Shaw Road, Suite 605, Sterling, VA
BAN20100020 Acclaimed Financial Group, Inc. - To relocate mortgage office from 6650 Rivers Avenue, Suite 1434, North Charleston, SC to 100-A Central Avenue, Suite 102, Goose Creek, SC
BAN20100021 Weststar Mortgage, Inc. - To open a mortgage office at 45155 Research Place, Suite 110, Ashburn, VA
BAN20100022 United Mortgage Corporation - To relocate mortgage office from 5885 Trinity Parkway, Suite 105, Centreville, VA to 6811 Clifton Grove Court, Clifton, VA
BAN20100023 Malibu Funding, Inc. - For a mortgage broker's license
BAN20100024 Everett Financial, Inc. d/b/a Supreme Lending - To open a mortgage office at 731 Central Avenue, Carlisle, OH
BAN20100025 Dominion Eagle Financial Group, Inc. d/b/a Peoples Choice Mortgage, VA - To open a mortgage office at 385 Garrisonville Road, Suite 105, Stafford, VA
BAN20100026 Embrace Home Loans, Inc. - To open a mortgage office at 3301 Lancaster Pike, Suite 1D, Wilmington, DE
BAN20100027 Summit Funding, Inc. d/b/a Greenwood Lending (Charlottesville only) - To relocate mortgage office from 11344 Coloma Road, Suite 380, Gold River, CA to 2601 Fair Oaks Boulevard, Sacramento, CA
BAN20100028 1st Preference Mortgage Corp. - To relocate mortgage office from 150 Riverside Parkway, Suite 300, Fredericksburg, VA to 317-319 William Street, Fredericksburg, VA
BAN20100029 Boylan Mortgage Services, LLC - To relocate mortgage office from 6800 Paragon Place, Suite 106, Richmond, VA to 6726 Patterson Avenue, Richmond, VA
BAN20100030 EC Financial, LLC - To relocate mortgage office from 5800 Lombardo Center, Suite 205, Seven Hills, OH to 6155 Rockside Road, Independence, OH
BAN20100031 Allied Home Mortgage Capital Corporation - To open a mortgage office at 2520 Bardstown Road, Suite 7, Louisville, KY
BAN20100032 Nationside Mortgage Inc. - To relocate mortgage office from 11300 Rockville Pike, Suite 408, Rockville, MD to 16045 Comprint Circle, Gaithersburg, MD
BAN20100033 MIdo Express II Inc. d/b/a M & M Pizza - To open a check casher at 1418 Richmond Tappahannock Highway, Manquin, VA
BAN20100034 FutureSafe Financial Corporation - To open a mortgage office at 5741 Cleveland Street, Suite 140, Virginia Beach, VA
BAN20100035 Key Financial Corporation - To open a mortgage office at 12101 Woodcrest Executive Drive, Suite 160, St. Louis, MO
BAN20100036 Envoy Mortgage, Ltd, LP (Used in VA by: Envoy Mortgage, Ltd) - To open a mortgage office at 7009 South Staples, Suite 102 B, Corpus Christi, TX
BAN20100037 iServe Residential Lending, LLC. - To relocate mortgage office from 8925 E. Pima Center Parkway, Scottsdale, AZ to 13520 Evening Creek Drive, North, Suite 400, San Diego, CA
BAN20100038 Priority Financial Services, LLC d/b/a PFS Capital - To relocate mortgage office from 6 Freshman Court, Reisterstown, MD to 400 Redland Court, Suite 102, Owings Mills, MD
BAN20100039 Priority Financial Services, LLC d/b/a PFS Capital - To relocate mortgage office from 9921 Reisterstown Road, Owings Mills, MD to 4 Park Center Court, Suite 200A, Owings Mills, MD
BAN20100040 Prime Mortgage Lending, Inc. - To open a mortgage office at 4804 Courthouse Street, Suite 4B, Williamsburg, VA
BAN20100041 E Mortgage Management LLC - To open a mortgage office at 401 Fairway Drive, Suite 101, Deerfield Beach, FL
BAN20100042 SB Mortgage Group, Inc. - To relocate mortgage office from 5601 Seminary Road, Suite 1706 N, Falls Church, VA to 717 Sterling Drive, Winchester, VA
BAN20100043 Maverick Funding Corp. - To open a mortgage office at 120 Lavan Street, Warwick, RI
BAN20100044 Maverick Funding Corp. - To relocate mortgage office from 250 Centerville Road, Building F, Suite 16, Warwick, RI to 300 Centerville Road, The Summit West, Suite 102, Warwick, RI
BAN20100045 Provizo Mortgage Corporation - To relocate mortgage office from 20577 Triple Crown Court, Ashburn, VA to 12040 South Lakes Drive, Suite 204, Reston, VA

BAN20100046	LiLi Video, LLC - To open a check casher at 720 Grant Street, Suite E, Herndon, VA
BAN20100047	Approved Cash Advance Centers (Virginia), LLC d/b/a Approved Cash Advance - To relocate payday lender's office from 13771 Warwick Boulevard, Newport News, VA to 14501-J Warwick Boulevard, Newport News, VA
BAN20100048	Approved Cash Advance Centers (Virginia), LLC d/b/a Approved Cash Advance - To relocate payday lender's office from 7643 Granby Street, Norfolk, VA to 7637 Granby Street, Norfolk, VA
BAN20100049	NVR Mortgage Finance, Inc. - To relocate mortgage office from 2013 Northwood Drive, Suite 1, Salisbury, MD to 32448 Royal Boulevard, Suite B, Dagsboro, DE
BAN20100050	Embrace Home Loans, Inc. - To open a mortgage office at 904 Windriver Lane, Suite 101, Gaithersburg, MD
BAN20100051	Security Financial Corporation - To relocate mortgage office from 207 East Holly Avenue, Suite 210, Sterling, VA to 100 Kentland Drive, Great Falls, VA
BAN20100052	1st Financial, Inc. - To open a mortgage office at 701 Bestgate Road, Annapolis, MD
BAN20100053	New American Mortgage LLC - To open a mortgage office at 809 East Ocean View Avenue, Suite 201, Norfolk, VA
BAN20100054	McLean Mortgage Corporation - To open a mortgage office at 13580 Groupe Drive, Suite 201, Woodbridge, VA
BAN20100055	McLean Mortgage Corporation - To open a mortgage office at 8100 Ashton Avenue, Suite 103, Manassas, VA
BAN20100056	Sabina Mortgage, Inc. - To relocate mortgage office from 2984 Trousseau Lane, Oakton, VA to 2915 Hunter Mill Road, Suite 22, Oakton, VA
BAN20100057	Everett Financial, Inc. d/b/a Supreme Lending - To relocate mortgage office from 5655 Peachtree Parkway, Suite 112, Norcross, GA to 1500 Oakbrook Drive, Suite A, Norcross, GA
BAN20100058	Regional First Home Loans, LLC - For a mortgage lender's license
BAN20100059	Ascent Home Loans, Inc. - To open a mortgage office at 1500 Rivertree Drive, Suite 104, Chester, VA
BAN20100060	Sunny View Mortgage Group, L.L.C. – For revocation of license to do business in Virginia
BAN20100061	First Residential Mortgage Services Corporation - To relocate mortgage office from 18-10 Whitestone Expressway, 3rd. Floor, Whitestone, NY to 7509 13th Avenue, Brooklyn, NY
BAN20100062	First Residential Mortgage Services Corporation - To relocate mortgage office from 8757 Georgia Avenue, Suite 1320, Silver Spring, MD to 4 Professional Drive, Suite 111, Gaithersburg, MD
BAN20100063	Primary Residential Mortgage, Inc. - To relocate mortgage office from 7600-G Lindbergh Drive, Unit 5, Gaithersburg, MD to 6835 Olney Laytonsville Road, Laytonsville, MD
BAN20100064	Primary Residential Mortgage, Inc. - To open a mortgage office at 230 Costello Drive, Winchester, VA
BAN20100065	Weststar Mortgage, Inc. - To open a mortgage office at 3435 Box Hill Corporate Center, Suite C, Abingdon, MD
BAN20100066	Financial Security Consultants, Inc. - To relocate mortgage office from 821 Oregon Avenue, Suite J, Linthicum, MD to 5621 Old Frederick Road, Catonsville, MD
BAN20100067	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 7239 Pickering Avenue, Whittier, CA
BAN20100068	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 14217 E. Constitution Way, Fontana, CA
BAN20100069	CareOne Services, Inc. d/b/a CareOne - To relocate credit counseling office from 305 West Fayette Road, Apartment 413, Baltimore, MD to 9511 Durness Lane, Laurel, MD
BAN20100070	Ascent Home Loans, Inc. - To open a mortgage office at 556 Willow Bend Drive, Chesapeake, VA
BAN20100071	Ascent Home Loans, Inc. - To open a mortgage office at 137 Sanford Drive, Fredericksburg, VA
BAN20100072	Primerica Financial Services Home Mortgages, Inc. - To relocate mortgage office from 5020 Sunnyside Avenue, Suite 106, Beltsville, MD to 6801 Kenilworth Avenue, Suite 110, Riverdale, MD
BAN20100073	Integrity Home Loan of Central Florida, Inc. - To relocate mortgage office from 2605 W. Lake Mary Boulevard, Lake Mary, FL to 901 International Parkway, Suite 380, Lake Mary, FL
BAN20100074	Genworth Financial Home Equity Access, Inc. - To open a mortgage office at 6620 West Broad Street, Building 1, 1st Floor, Richmond, VA
BAN20100075	QR Lending, Inc. - To relocate mortgage office from 8401 Greenway Boulevard, Suite 500, Middleton, WI to 555 Zor Shrine Place, Suite 100, Madison, WI
BAN20100076	Equity Source Home Loans, LLC - To open a mortgage office at 21 White Street, Shrewsbury, NJ
BAN20100077	Justin Enterprises, Inc. - To open a check casher at 525 Commerce Drive, Bluefield, VA
BAN20100078	Brooke Enterprises, Inc. - To open a check casher at 766 E. Main Street, Lebanon, VA
BAN20100079	Sentrust Mortgage, LLC - To relocate mortgage office from 656 Quince Orchard Road, Suite 620, Gaithersburg, MD to 20410 Observation Drive, Suite 100, Germantown, MD
BAN20100080	Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage office at 8801 Three Chopt Road, Suite G, Richmond, VA
BAN20100081	Go Mortgage Group, LLC - To open a mortgage office at 906 N. Parham Road, Suite 206, Richmond, VA
BAN20100082	New American Mortgage LLC - To open a mortgage office at 1100 Volvo Parkway, Suite 200, Chesapeake, VA
BAN20100083	Preferred Home Finance, LLC - To relocate mortgage office from 1525 Pointer Ridge Place, Suite 101, Bowie, MD to 8191 Jennifer Lane, Suite 200, Owings, MD
BAN20100084	ClearPoint Financial Solutions, Inc. d/b/a ClearPoint Credit Counseling Solutions - To relocate credit counseling office from 1685 Ft. Campbell Boulevard, Suite D, Clarksville, TN to 137 Dean Drive, Unit 4, Clarksville, TN
BAN20100085	Bank of Clarke County - To relocate office from 625 East Jubal Early Drive, Winchester, VA to 2555 Pleasant Valley Road, Winchester, VA
BAN20100086	New American Mortgage LLC - To open a mortgage office at 575 Lynnhaven Parkway, Suite 100, Virginia Beach, VA
BAN20100087	New American Mortgage LLC - To open a mortgage office at 1100 Dryden Lane, Charlottesville, VA
BAN20100088	Atlantic Bay Mortgage Group, L.L.C. - To open a mortgage office at 112 S. Providence Road, Suite 201, Richmond, VA
BAN20100089	Stearns Lending, Inc. d/b/a FPF Wholesale (in certain offices) - To open a mortgage office at 1593 Spring Hill Road, Suite 530E, Vienna, VA
BAN20100090	Mortgage One Solutions, Inc. d/b/a Lending One Solutions - To open a mortgage office at 226 Maple Avenue, West, Suite 201, Vienna, VA
BAN20100091	Coastal Mortgage Services, Inc. d/b/a Coastal Funding Group - To open a mortgage office at 7400 Carmel Executive Park, Suite 130, Charlotte, NC
BAN20100092	K. Hovnanian American Mortgage, L.L.C. - To relocate mortgage office from 5350 Seventy Seven Center Drive, Charlotte, NC to 2015 Ayrsley Town Boulevard, Suite 202, Room 260, Charlotte, NC

BAN20100093	CareOne Services, Inc. d/b/a CareOne - To relocate credit counseling office from 20014 Frederick Road, Apartment 12, Germantown, MD to 9901 Boysenberry Way, #238, Gaithersburg, MD
BAN20100094	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 408 Ben Oaks Drive, W, Severna Park, MD
BAN20100095	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 243 Sycamore Ridge Road, Laurel, MD
BAN20100096	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 20518 Shadyside Way, Germantown, MD
BAN20100097	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 8343-L Montgomery Run Road, Ellicott City, MD
BAN20100098	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 826 Medinah Circle, Westminster, MD
BAN20100099	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 330 Bentley Park Lane, #A1, Reisterstown, MD
BAN20100100	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 3646 Big Creek Road, Ontario, CA
BAN20100101	Melinda J. Lunger - To acquire 25 percent or more of United Financial Management Group, Inc.
BAN20100102	First Option Mortgage, LLC - For a mortgage lender and broker license
BAN20100103	Cambria Financial Group LLC - For a mortgage broker's license
BAN20100104	Paramount Lending, Inc. - To open a mortgage office at 1001 State Street, Suite 1417, Erie, PA
BAN20100105	Paramount Lending, Inc. - To open a mortgage office at 2300 North Pershing Drive, Space 11, Arlington, VA
BAN20100106	Paramount Lending, Inc. - To open a mortgage office at 85 Ivy Trail, Atlanta, GA
BAN20100107	Mortgage Master, Inc. - To open a mortgage office at 7226 Lee Deforest Drive, Columbia, MD
BAN20100108	Axcidion Mortgage Corporation - To relocate mortgage office from 4 Professional Drive, Suite 143, Gaithersburg, MD to 438 N. Federick Avenue, Suite 460, Gaithersburg, MD
BAN20100109	Platinum Home Mortgage Corporation - To open a mortgage office at 7630 Little River Turnpike, Suite 302, Annandale, VA
BAN20100110	Moneybookers USA, Inc. - For a money order license
BAN20100111	EquiPoint Financial Network, Inc. - To relocate mortgage office from 13200 Danielson Street, Suite A, Poway, CA to 12400 High Bluff Drive, Suite 650, San Diego, CA
BAN20100112	Weststar Mortgage, Inc. - To open a mortgage office at 6523 Main Street, Suite 1, Gloucester, VA
BAN20100113	MTGE Solutions Ltd. d/b/a Mortgage Solutions - To open a mortgage office at 11350 Random Hills Road, Suite 330, Fairfax, VA
BAN20100114	Flagship Financial Group, LLC - For additional mortgage authority
BAN20100115	American Equity Mortgage, Inc. - To open a mortgage office at 7400 Beaufont Springs Drive, Suite 300, Richmond, VA
BAN20100116	Guaranteed Rate, Inc. - To relocate mortgage office from 3925 N. Duke Street, Suite 124, Durham, NC to 3200 Croasdaile Drive, Suite 204-205, Durham, NC
BAN20100117	Ameritrust Mortgage of North Carolina, Inc. (Used in VA by: Ameritrust Mortgage, Inc.) - To relocate mortgage office from 14045 Ballantyne Corporate Place, Charlotte, NC to 15009 Lancaster Highway, Charlotte, NC
BAN20100118	Everett Financial, Inc. d/b/a Supreme Lending - To open a mortgage office at 5555 Glenridge Connector, Suite 625, Atlanta, GA
BAN20100119	Seniors Reverse Mortgage, Inc. - To open a mortgage office at 150 Olde Greenwich Drive, Suite 204, Fredericksburg, VA
BAN20100120	ClearPoint Financial Solutions, Inc. d/b/a ClearPoint Credit Counseling Solutions - To relocate credit counseling office from 2218 East Race Street, Jonesboro, AR to 2704 Phillips Drive, Suite C, Jonesboro, AR
BAN20100121	Equity Source Home Loans, LLC - To open a mortgage office at 4419 Park Boulevard, Pinellas Park, FL
BAN20100122	Community Credit Counselors, Inc. - To open a credit counseling office
BAN20100123	Virginia Nationstar Mortgage LLC (Used in VA by: Nationstar Mortgage LLC) d/b/a Champion Mortgage Company - To open a mortgage office at 1321 Sunset Drive, Johnson City, TN
BAN20100124	Freedom Mortgage Corporation - To open a mortgage office at 224 Anvil Lane, Feasterville, PA
BAN20100125	Lynchburg Pawn Inc. - To open a check casher at 6115 Fort Avenue, Lynchburg, VA
BAN20100126	Franklin American Mortgage Company - To relocate mortgage office from 150 Riverside Parkway, Suite 300, Fredericksburg, VA to 1671 Jefferson Davis Highway, Suite 204, Fredericksburg, VA
BAN20100127	U.S. Mortgage Finance Corp. - To open a mortgage office at 118 E. Lee Street, Vinton, VA
BAN20100128	New American Mortgage LLC - To open a mortgage office at 827 Diligence Drive, Suite 126, Newport News, VA
BAN20100129	New American Mortgage LLC - To open a mortgage office at 1328 N. Great Neck Road, Space 841, Virginia Beach, VA
BAN20100130	Maharzada Financial Inc. - To relocate mortgage office from 4601 Presidents Drive, Suite 380, Lanham, MD to 5457 Twin Knolls Road, Suite 101, Columbia, MD
BAN20100131	J&J Lending Corporation - To relocate mortgage office from 4540 Campus Drive, Suite 111, Newport Beach, CA to 2405 McCabe Way, Suite 213, Irvine, CA
BAN20100132	Asset Financial Center Inc. - For a mortgage broker's license
BAN20100133	Ascent Home Loans, Inc. - To open a mortgage office at 1020 Timber Neck Mall, Chesapeake, VA
BAN20100134	First Belmont Mortgage Inc. - To relocate mortgage office from 44355 Premier Plaza, Suite 110-B, Ashburn, VA to 20251 Kiawah Island Drive, Ashburn, VA
BAN20100135	Just Mortgage, Inc. - To open a mortgage office at 600 S. Frederick Avenue, Suite 403, Gaithersburg, MD
BAN20100136	Just Mortgage, Inc. - To open a mortgage office at 7018 Evergreen Court, Suite 5A, Annandale, VA
BAN20100137	Integrity Home Mortgage Corporation - To open a mortgage office at 142 N. Queen Street, Martinsburg, WV
BAN20100138	Mortgage Approval Center, LLC - For a mortgage lender and broker license
BAN20100139	Adchemy, Inc. d/b/a RateMarketplace - To relocate mortgage office from 101 Redwood Shores Parkway, Suite 300, Redwood City, CA to 1001 E. Hillsdale Boulevard, 7th Floor, Foster City, CA
BAN20100140	Precision Funding Group LLC - To open a mortgage office at 226 Haddonfield Road, 2nd Floor, Cherry Hill, NJ
BAN20100141	Integrity Home Loan of Central Florida, Inc. - To open a mortgage office at 200 Knuth Road, Suite 204, Boynton Beach, FL
BAN20100142	Leeds Manor Capital, LC - For a mortgage lender and broker license
BAN20100143	Overland Mortgage Corporation - For a mortgage lender and broker license
BAN20100144	Juana Gabriel Bernal d/b/a Latina 220 - To open a check casher at 11445 Virgil Goode Highway, Rocky Mount, VA
BAN20100145	Lake Anne Market LLC - To open a check casher at 1645 Washington Plaza, Reston, VA
BAN20100146	Stewart A. Zemil - To acquire 25 percent or more of Apex Home Loans, Inc.
BAN20100147	Michael C. Parsons - To acquire 25 percent or more of Apex Home Loans, Inc.

BAN20100148	Apex Home Loans, Inc. - For additional mortgage authority
BAN20100149	Guaranteed Rate, Inc. - To open a mortgage office at 311 Summer Street, 2nd Floor, Boston, MA
BAN20100150	Prospect Mortgage, LLC d/b/a Fidelity & Trust Mortgage (at certain locations) - To open a mortgage office at 551 Frost Avenue, Warrenton, VA
BAN20100151	Cornerstone Home Mortgage, L.L.C. - To open a mortgage office at 6387 Center Drive, Suite 13, Norfolk, VA
BAN20100152	University Mortgage LLC - For a mortgage broker's license
BAN20100153	Marcacri Investment Inc. d/b/a Qualify Mortgage - To relocate mortgage office from 10560 Main Street, Suite LL-9, Fairfax, VA to 6535 Little River Turnpike, Suite A, Alexandria, VA
BAN20100154	Sigue Corporation - To open a check casher at Sigue Baileys Branch, 5852-A Columbia Pike, Falls Church, VA
BAN20100155	Gail Temple Rhodes d/b/a Southside M & S Laundry - To open a check casher at 613 South Hicks Street, Lawrenceville, VA
BAN20100156	FFSI, Inc. (Used in VA by: First Financial Services, Inc.) - To relocate mortgage office from 604 Green Valley Road, Suite 408, Greensboro, NC to 1403 Eastchester Drive, Suite 103, High Point, NC
BAN20100157	Candor Mortgage Corporation - To relocate mortgage office from 8 W. West Street, Baltimore, MD to 100 Round Hill Road, Kennett Square, PA
BAN20100158	Millennium Financial Group, Inc. d/b/a Mlend - For additional mortgage authority
BAN20100159	AmericaHomeKey, Inc. - To relocate mortgage office from 6065 Roswell Road, Suite 120, Atlanta, GA to 2300 Windy Ridge Parkway, Suite 840, Atlanta, GA
BAN20100160	Hometown Lenders, L.L.C. - To open a mortgage office at 47650 Mid Surrey Square, Sterling, VA
BAN20100161	Trust Mortgage Corporation - To relocate mortgage office from 6802 Paragon Place, Suite 601, Richmond, VA to 5516 Falmouth Street, Suite 301A, Richmond, VA
BAN20100162	Summit Mortgage Corporation d/b/a Summit Home Mortgage Inc. - To open a mortgage office at 13700 Watertower Circle, Plymouth, MN
BAN20100163	Margaret A. Deane - To acquire 25 percent or more of Private Client Mortgage, LLC
BAN20100164	IBO K. Y., Inc. d/b/a Fas Pik - To open a check casher at 511 C. East Atlantic Street, Emporia, VA
BAN20100165	Michigan Mutual, Inc. d/b/a First Preferred Mortgage Company - To open a mortgage office at 20700 Civic Center, Suite 390, Southfield, MI
BAN20100166	AMA Advisors, LLC - To acquire 25 percent or more of Real Estate Mortgage Network, Inc.
BAN20100167	Valley Bank - To relocate office from 1327 Grandin Road, S.W., Roanoke, VA to 1323 Grandin Road, S.W., Roanoke, VA
BAN20100168	Precision Funding Group LLC - To open a mortgage office at 3940 Airline Boulevard, Suite 109, Chesapeake, VA
BAN20100169	Ram & Raj, Inc. d/b/a Shreeji Food Market - To open a check casher at 429 E. Belt Boulevard, Richmond, VA
BAN20100170	VVM, Inc. - To open a check casher at 4810 Beauregard Street, Suite 103, Alexandria, VA
BAN20100171	Key Financial Corporation - To open a mortgage office at 6930 Destiny Drive, Suite 300, Rocklin, CA
BAN20100172	Dillon H. Lee d/b/a Alexandria Financial Services - To relocate mortgage office from 8806-B Peartree Village Court, Alexandria, VA to 8524 Springman Street, Alexandria, VA
BAN20100173	Kondaur Capital Corporation - To relocate mortgage office from 1100 Town & Country Road, 16th Floor, Orange, CA to One City Boulevard, West, Suite 1900, Orange, CA
BAN20100174	ClearPoint Financial Solutions, Inc. d/b/a ClearPoint Credit Counseling Solutions - To relocate credit counseling office from 493 St. Francois, Suite 6, Florissant, MO to 525 St. Francois, Suite 4, Florissant, MO
BAN20100175	ClearPoint Financial Solutions, Inc. d/b/a ClearPoint Credit Counseling Solutions - To relocate credit counseling office from 728 Thimble Shoals Boulevard, Suite A, Newport News, VA to 1055 W. Mercury Boulevard, Suite 505, Hampton, VA
BAN20100176	Towne Bank - To open a branch at 2539 Princess Anne Road, Virginia Beach, VA
BAN20100177	Dominion Residential Mortgage, LLC - For additional mortgage authority
BAN20100178	HomeAmerican Mortgage Corporation - To relocate mortgage office from 6550 Greenwood Plaza Boulevard, Englewood, CO to 4582 S. Ulster Street Parkway, Suite 900, Denver, CO
BAN20100179	AA Mortgage Group, LLC - To relocate mortgage office from 92 Thomas Johnson Drive, Suite 100, Frederick, MD to 7313 Grove Road, Suite R, Frederick, MD
BAN20100180	The Cash Company of Virginia d/b/a The Cash Company of Weber City - To relocate payday lender's office from 1946 U. S. Highway 23, North, Suite 104, Weber City, VA to 1946 U.S. Highway 23, North, Suite 101A, Weber City, VA
BAN20100181	Integrity Home Loan of Central Florida, Inc. - For additional mortgage authority
BAN20100182	MegaStar Financial Corp. - To relocate mortgage office from 3773 Cherry Creek North Drive, Denver, CO to 1080 Cherokee Street, Denver, CO
BAN20100183	American Financial Resources, Inc. - To relocate mortgage office from 273 E. Main Street, Denville, NJ to 9 Sylvan Way, Parsippany, NJ
BAN20100184	Ikon Mortgage, Inc. - To relocate mortgage office from 4330-M Evergreen Lane, Annandale, VA to 6399 Little River Turnpike, Suite 200 C, Alexandria, VA
BAN20100185	United Financial Management Group, Inc. - To relocate mortgage office from 210 N. State Street, Suite 5, Clarks Summit, PA to 2061 West La Plume Road, La Plume, PA
BAN20100186	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 1222 S. Van Ness, Santa Ana, CA
BAN20100187	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 201 W. Juanita, Glendora, CA
BAN20100188	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 21105 Sundown Lane, Huntington Beach, CA
BAN20100189	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 31699 Calle Barcaldo, Temecula, CA
BAN20100190	CareOne Services, Inc. d/b/a CareOne - To relocate credit counseling office from 3101 16th Street, North, St. Petersburg, FL to 9374 Preston Road, Brooksville, FL
BAN20100191	Prospect Mortgage, LLC d/b/a Fidelity & Trust Mortgage (at certain locations) - To open a mortgage office at 6990 Columbia Gateway Drive, Suite 200, Columbia, MD
BAN20100192	MortgageEase.Com, LLC d/b/a F&M Mortgage Group Co. - To relocate mortgage office from 13211 Executive Park Terrace, Germantown, MD to 9801 Washingtonian Boulevard, Suite 230, Gaithersburg, MD
BAN20100193	Primary Capital Advisors LC - To open a mortgage office at 16147 Lancaster Highway, Suite 100-A, Charlotte, NC
BAN20100194	Envoy Mortgage, Ltd, LP (Used in VA by: Envoy Mortgage, Ltd) - To relocate mortgage office from 1300 Diamond Springs Road, Suite 600, Virginia Beach, VA to Corporate Center II, 4456 Corporation Lane, Suite 206, Virginia Beach, VA
BAN20100195	Jay Lee - To acquire 25 percent or more of Primenet Mortgage Incorporated

BAN20100196	Prospect Mortgage, LLC d/b/a Fidelity & Trust Mortgage (at certain locations) - To relocate mortgage office from 6802 Paragon Place, Suite 410, Richmond, VA to 6802 Paragon Place, Suite 420, Richmond, VA
BAN20100197	Everett Financial, Inc. d/b/a Supreme Lending - To open a mortgage office at 218-A South Main Street, Mt. Airy, MD
BAN20100198	First Main Street Financial, Inc. (Used in VA by: Main Street Financial Inc.) - To open a mortgage office at 3232 Academy Avenue, Portsmouth, VA
BAN20100199	Fairway Asset Corporation - To relocate mortgage office from 600 E. Jefferson Street, Suite 100, Rockville, MD to 414 Hungerford Drive, Suite 104, Rockville, MD
BAN20100200	American Nationwide Mortgage Company, Inc. - To open a mortgage office at 3708 West Bearss Avenue, Unit B3014, Tampa, FL
BAN20100201	Burke & Herbert Bank & Trust Company - To open a branch at 2nd Lot, northeast quadrant of intersection, Prince William Parkway and Greatbridge Road, Woodbridge, VA
BAN20100202	Apex Home Loans, Inc. - To relocate mortgage office from 10411 Motor City Drive, Suite 350, Bethesda, MD to 3204 Tower Oaks Boulevard, Suite 400, Rockville, MD
BAN20100203	Paramount Lending, Inc. - To open a mortgage office at 11054 Holiday Cove, Tega Cay, SC
BAN20100204	Covenant Financial Services, LLC d/b/a Covenant Mortgage - To open a mortgage office at 46 Lafayette Street, Stafford, VA
BAN20100205	Hampton Roads Mortgage Corporation - To relocate mortgage office from 812 Newtown Road, Virginia Beach, VA to 2609 Sandy Valley Road, Virginia Beach, VA
BAN20100206	First Ohio Banc & Lending, Inc. - To relocate mortgage office from 126 Maincentre, Suite 6, Northville, MI to 114 Maincentre, Northville, MI
BAN20100207	First Ohio Banc & Lending, Inc. - To relocate mortgage office from 2240 Woolbright Road, Suite 219, Boynton Beach, FL to 1300 NW 17th Avenue, Suite 112, Delray Beach, FL
BAN20100208	GMAC Mortgage, LLC d/b/a Ditech - To relocate a mortgage office from 2101 Rexford Road, Suite 350W, Charlotte, NC to 440 South Church Street, 14th Floor, Charlotte, NC
BAN20100209	Embrace Home Loans, Inc. - To open a mortgage office at 713 Greenbank Road, Wilmington, DE
BAN20100210	Strategic Mortgage Solutions, LLC - To open a mortgage office at 790 College Parkway, Rockville, MD
BAN20100211	Strategic Mortgage Solutions, LLC - To relocate mortgage office from 3400 Croasdaile Drive, Suite 208, Durham, NC to 8 Turtle Lane, Lake Wylie, SC
BAN20100212	EZ Consumer Loans, Inc. - For permission to conduct consumer finance where an open-end auto title lending business will also be conducted by a third party
BAN20100213	CareOne Services, Inc. d/b/a CareOne - To relocate credit counseling office from 9953 Good Luck Road, Suite 202, Lanham, MD to 1121 Consortium Drive, Suite 109, Raleigh, NC
BAN20100214	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 2 Pine Cone Court, Baltimore, MD
BAN20100215	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 4749 King John Way, Upper Marlboro, MD
BAN20100216	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 8241 Silver Run Circle, Pasadena, MD
BAN20100217	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 6850 Iron Ore, Suite 232, Elkridge, MD
BAN20100218	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 10352 Wetherburn Road, Woodstock, MD
BAN20100219	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 824 Hollywood Boulevard, Crownsville, MD
BAN20100220	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 7416 Electra Court, Gaithersburg, MD
BAN20100221	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 5307 Deblyn Avenue, Raleigh, NC
BAN20100222	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 9647 Muirkirk Road, Apartment A170, Laurel, MD
BAN20100223	Consumers Real Estate Finance Co. - To relocate mortgage office from 6060 Rockside Woods Boulevard, Independence, OH to 4700 Rockside Road, Suite 415, Independence, OH
BAN20100224	Warburg Pincus Private Equity X, L.P. - To acquire 25 percent or more of Primerica Financial Services Home Mortgages, Inc.
BAN20100225	American First Financial Services, LLC - For a mortgage broker's license
BAN20100226	Admiral Home Mortgage, L.L.C. - For a mortgage broker's license
BAN20100227	Coastal Mortgage Services, Inc. d/b/a Coastal Funding Group - To open a mortgage office at 5950 Fairview Road, Suite 600, Charlotte, NC
BAN20100228	E Mortgage Management LLC - To open a mortgage office at 206 B White Horse Pike, 2nd Floor, Haddon Heights, NJ
BAN20100229	Home Equity Direct, L.L.C. - To relocate mortgage office from 9649 Kingscroft Drive, Glen Allen, VA to 10709 Timber Pass, Glen Allen, VA
BAN20100230	CashWell Financial of VA LLC - To open a consumer finance office
BAN20100231	Cashwell Financial of VA LLC - To open a consumer finance office at 338 Amaret Street, Fredericksburg, VA
BAN20100232	Cashwell Financial of VA LLC - To open a consumer finance office at 8535 Centreville Road, Manassas, VA
BAN20100233	Cashwell Financial of VA LLC - To open a consumer finance office at 3304 Williamson Road N.W., Roanoke, VA
BAN20100234	Cashwell Financial of VA LLC - To open a consumer finance office at 156 Carlton Road, Suite 102, Charlottesville, VA
BAN20100235	Cashwell Financial of VA LLC - To open a consumer finance office at 36 Weems Lane, Winchester, VA
BAN20100236	Cashwell Financial of VA LLC - To open a consumer finance office at 1082 Elden Street, Herndon, VA
BAN20100237	Cashwell Financial of VA LLC - To open a consumer finance office at 14420 Jefferson Davis Highway, Woodbridge, VA
BAN20100238	Cashwell Financial of VA LLC - To open a consumer finance office at 1790-104 East Market Street, Harrisonburg, VA
BAN20100239	Cashwell Financial of VA LLC - To open a consumer finance office at 1423-A S. Main Street, Farmville, VA
BAN20100240	Cashwell Financial of VA LLC - To open a consumer finance office at 3124 High Street, Rodman Plaza, Portsmouth, VA
BAN20100241	Cashwell Financial of VA LLC - To open a consumer finance office at 6529 Auburn Drive, College Park II, Virginia Beach, VA
BAN20100242	Cashwell Financial of VA LLC - To open a consumer finance office at 3330-12 South Crater Road, South Crater Square, Petersburg, VA
BAN20100243	Cashwell Financial of VA LLC - To open a consumer finance office at 3275 Mechanicsville Turnpike, Richmond, VA
BAN20100244	Cashwell Financial of VA LLC - To open a consumer finance office at 7 Pittman Plaza, 2323 Memorial Avenue, Lynchburg, VA
BAN20100245	Cashwell Financial of VA LLC - To open a consumer finance office at 2024 West Beverly, Staunton, VA

BAN20100246	Cashwell Financial of VA LLC - To open a consumer finance office at 312 North Main Street, Pearisburg, VA
BAN20100247	Cashwell Financial of VA LLC - To open a consumer finance office at 123 Mall Road, Covington, VA
BAN20100248	Cashwell Financial of VA LLC - To open a consumer finance office at 703 Fort Collier Road, Unit C, Winchester, VA
BAN20100249	Wook Lho Yoon d/b/a Trust Mortgage Company - To relocate mortgage office from 10089 Fairfax Boulevard, Suite 203, Fairfax, VA to 12141 Monteith Lane, Fairfax, VA
BAN20100250	Atlantic Bay Mortgage Group, L.L.C. - To open a mortgage office at 4358 Starkey Road, Suite B, Roanoke, VA
BAN20100251	Atlantic Bay Mortgage Group, L.L.C. - To relocate mortgage office from 118 Great Bridge Boulevard, Chesapeake, VA to 638 Independence Parkway, Suite 250, Chesapeake, VA
BAN20100252	Infiniti Mortgage, LLC - To relocate mortgage office from 2 Professional Drive, Suite 234, Gaithersburg, MD to 22547 Sweetleaf Lane, Gaithersburg, MD
BAN20100253	American Nationwide Mortgage Company, Inc. - To open a mortgage office at 3940 Airline Boulevard, Suite 109, Chesapeake, VA
BAN20100254	Mortgage Master, Inc. - To open a mortgage office at 520 White Plains Road, Tarrytown, NY
BAN20100255	Home Equity Direct, L.L.C. - To relocate mortgage office from 9649 Kingscroft Drive, Glen Allen, VA to 10709 Timber Pass, Glen Allen, VA
BAN20100256	Circle Square Group, Inc. d/b/a Circle Square Mortgage - To relocate mortgage office from 4101 Birch Street, Suite 230E, Newport Beach, CA to 9030 Red Branch Road, Suite 240, Columbia, MD
BAN20100257	Beal Bank, SSB - To open a branch at 1600 Tysons Boulevard, McLean, VA
BAN20100258	Global Equity Finance, Inc. - For additional mortgage authority
BAN20100259	Embrace Home Loans, Inc. - To open a mortgage office at 485 N. Keller Road, Suite 550, Maitland, FL
BAN20100260	Tower Mortgage Corporation d/b/a Physician Loans - To relocate mortgage office from 20 Executive Park, West, Suite 2017, Atlanta, GA to 1261 Biltmore Drive, N.E., Atlanta, GA
BAN20100261	Sakura International LLC - For a money order license
BAN20100262	Mid Atlantic Mortgage, Inc. - For a mortgage broker's license
BAN20100263	Dominion Mortgage Corporation - To relocate mortgage office from 11130 Fairfax Boulevard, Suite 110, Fairfax, VA to 14100 Parke Long Court, Suite H, Chantilly, VA
BAN20100264	Lake Gaston Mortgage Services, LLC - To relocate mortgage office from 3764 Highway Nine-0-Three, Bracey, VA to 122 West Atlantic Street, South Hill, VA
BAN20100265	Burke & Herbert Bank & Trust Company - To open a branch at 3030 Clarendon Boulevard, Arlington County, VA
BAN20100266	Southard Street Mortgage, Ltd. - To relocate mortgage office from 1665 Morse Road, Forest Hill, MD to 100 Admirals Lane, Key West, FL
BAN20100267	New American Mortgage LLC - To open a mortgage office at 944 Glenwood Station Lane, Charlottesville, VA
BAN20100268	Spectra Funding, Inc. - To open a mortgage office at 5828 Hubbard Drive, Suite 200, Rockville, MD
BAN20100269	Express Check Advance of Virginia, LLC - To open a check casher at 5203 S. Laburnum Avenue, Richmond, VA
BAN20100270	Paramount Lending, Inc. - To relocate mortgage office from 85 Ivy Trail, Atlanta, GA to 77 Sheridan Drive, Suite 4, Atlanta, GA
BAN20100271	CareOne Services, Inc. d/b/a CareOne - To relocate credit counseling office from 5704 Ramblewood Avenue, Clinton, MD to 14104 Bramble Court, Suite T4, Laurel, MD
BAN20100272	University of Virginia Community Credit Union, Inc. - To open a credit union service office at 2775 Hydraulic Road, Charlottesville, VA
BAN20100273	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 15245 Olive Lane, Syhmar, CA
BAN20100274	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 8458 Sunset Rose Drive, Corona, CA
BAN20100275	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 28530 Williams Drive, Ovail Valley, CA
BAN20100276	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 1315 Oakhurst Drive, San Bernando, CA
BAN20100277	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 11518 Flallon Avenue, Norwalk, CA
BAN20100278	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 6133 Faculty Avenue, Lakewood, CA
BAN20100279	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 1492 W. 6th Street, Suite A, Corona, CA
BAN20100280	Michael Vint - To acquire 25 percent or more of Allegro Funding Corp.
BAN20100281	Tidewater Mortgage Services, Inc. d/b/a Midtown Mortgage Company - To open a mortgage office at 8101 Vanguard Drive, Mechanicsville, VA
BAN20100282	New American Mortgage LLC - To open a mortgage office at 1231 Alverser Drive, Midlothian, VA
BAN20100283	Ascent Home Loans, Inc. - To open a mortgage office at 12622 Lot Trail Court, Rancho Cucamonga, CA
BAN20100284	Fairway Independent Mortgage Corporation - To relocate mortgage office from 19323 Lighthouse Plaza Boulevard, Rehoboth Beach, DE to 18756 Coastal Highway, Suite 2, Rehoboth Beach, DE
BAN20100285	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 342 Robinson Drive, Tustin, CA
BAN20100286	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 11235 Peartree Way, Apt. G, Columbia, MD
BAN20100287	CareOne Services, Inc. d/b/a CareOne - To relocate credit counseling office from 2301 Cross Point Circle, Apt. 28, Charlotte, NC to 4205 Lady's Slipper Lane, Matthews, NC
BAN20100288	CareOne Services, Inc. d/b/a CareOne - To relocate credit counseling office from 31 Squire Court, Reisterstown, MD to 911 Cindy Lane, Westminster, MD
BAN20100289	CareOne Services, Inc. d/b/a CareOne - To relocate credit counseling office from 4012 Pennington Road, Rock Hill, SC to 826 E. Rambo Road, Rock Hill, SC
BAN20100290	CareOne Services, Inc. d/b/a CareOne - To relocate credit counseling office from 6 Hartley Circle, Apt. 715, Owings Mills, MD to 6607 Park Heights Avenue, Apt. A2, Baltimore, MD
BAN20100291	Draper and Kramer Mortgage Corp. - For a mortgage lender's license
BAN20100292	Access Home Mortgages LLC - To relocate mortgage office from 335 Greenbrier Drive, Suite 102, Charlottesville, VA to 1228 E. Cedars Court, Charlottesville, VA

BAN20100293	M/I Financial Corp. - To relocate mortgage office from 21355 Ridgetop Circle, Suite 220, Sterling, VA to 21355 Ridgetop Circle, Suite 210, Sterling, VA
BAN20100294	Coastal Mortgage Services, Inc. d/b/a Coastal Funding Group - To open a mortgage office at 18809 West Catawba Avenue, Suite 101, Cornelius, NC
BAN20100295	Summit Mortgage Corporation d/b/a Summit Home Mortgage Inc. - To open a mortgage office at 3905 National Drive, Suite 270, Burtonsville, MD
BAN20100296	Mariner Finance of Virginia, LLC - For permission to conduct consumer finance business where automobile club memberships will also be sold
BAN20100297	Virginia Nationstar Mortgage LLC (Used in VA by: Nationstar Mortgage LLC) d/b/a Champion Mortgage Company - To open a mortgage office at 1235 North Union Bower, Irving, TX
BAN20100298	United Funding Mortgage Corp. - For a mortgage lender's license
BAN20100299	Equity Loans, LLC - For a mortgage lender's license
BAN20100300	Weststar Mortgage, Inc. - To open a mortgage office at 760 Lynnhaven Parkway, Suite 140, Virginia Beach, VA
BAN20100301	Weststar Mortgage, Inc. - To relocate mortgage office from 185 N.W. Spanish River Boulevard, Boca Raton, FL to 8000 N. Federal Highway, Suite 310, Boca Raton, FL
BAN20100302	First Home Mortgage Corporation - To relocate mortgage office from 1660 International Drive, Suite 400, McLean, VA to 8201 Greensboro Drive, Suite 300, McLean, VA
BAN20100303	Dominion Residential Mortgage, LLC - To open a mortgage office at 1800 Michael Faraday Drive, Suite 201, Reston, VA
BAN20100304	Primary Residential Mortgage, Inc. - To relocate mortgage office from 16201 Trade Zone Avenue, Upper Marlboro, MD to 1525 Pointer Ridge Place, Suite 207, Bowie, MD
BAN20100305	Primary Residential Mortgage, Inc. - To open a mortgage office at 1604 Spring Hill Road, 2nd Floor, Vienna, VA
BAN20100306	Greater Washington Mortgage, LLC - For a mortgage broker's license
BAN20100307	First Home Mortgage Corporation - To open a mortgage office at 8638 Veterans Highway, Suite 300, Millersville, MD
BAN20100308	First Home Mortgage Corporation - To open a mortgage office at 7939 Honeygo Boulevard, Suite 226, Baltimore, MD
BAN20100309	Allied Home Mortgage Capital Corporation - To open a mortgage office at 9110 Railroad Drive, Suite 210, Manassas Park, VA
BAN20100310	Oxford Lending Group, LLC - To relocate mortgage office from 310 10th Avenue, N., Safety Harbor, FL to 935 Main Street, Suite D4, Safety Harbor, FL
BAN20100311	Paramount Lending, Inc. - To open a mortgage office at 8801 Wishart Road, Richmond, VA
BAN20100312	First Main Street Financial, Inc. (Used in VA by: Main Street Financial Inc.) - To relocate mortgage office from 212 JH Walker Drive, Pendleton, IN to 9953 Crosspoint Boulevard, Indianapolis, IN
BAN20100313	Sentrix Financial Services, Inc. - For a mortgage broker's license
BAN20100314	Seckel Capital, LLC - For a mortgage broker's license
BAN20100315	Mi Mundo Latino Inc. - To open a check casher at 5759 Hull Street Road, Richmond, VA
BAN20100316	Premier Mortgage Company, LLC - To relocate mortgage office from One Monument Place, Fairfax, VA to 4000 Legato Road, Fifth Floor, Suite 550 ,Fairfax, VA
BAN20100317	Superior Home Mortgage Corporation (Used in VA by: Superior Mortgage Corporation) - To open a mortgage office at 213 East Weymouth Road, Landisville, NJ
BAN20100318	Precision Funding Group LLC - To open a mortgage office at 5324 Williamson Road, Roanoke, VA
BAN20100319	Christensen Financial, Inc. - To open a mortgage office at 5801 Allentown Road, Suite 410, Camp Springs, MD
BAN20100320	American Home Loans I LLC - For a mortgage broker's license
BAN20100321	Tidewater Home Funding, LLC - To open a mortgage office at 2301 Kenstock Drive, Suite 101, Virginia Beach, VA
BAN20100322	Tidewater Home Funding, LLC - To open a mortgage office at 3917 Midlands Road, Building Two, Suite 100, Williamsburg, VA
BAN20100323	Envoy Mortgage, Ltd, LP (Used in VA by: Envoy Mortgage, Ltd) - To open a mortgage office at 2095 Chain Bridge Road, Suite 200, Vienna, VA
BAN20100324	Corridor Mortgage Group, Inc. - To open a mortgage office at 108 5th Street, Suite 206A, Charlottesville, VA
BAN20100325	La Familia Grocery Inc. - To open a check casher at 3909 Mt. Vernon Avenue, Alexandria, VA
BAN20100326	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 280 Buckhead Lane, Douglassville, PA
BAN20100327	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 820 Dewees Place, Collegeville, PA
BAN20100328	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 3631A Kutztown Road, Reading, PA
BAN20100329	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 110 Newton Drive, Bear, DE
BAN20100330	CareOne Services, Inc. d/b/a CareOne - To relocate credit counseling office from 121 Goodson Avenue, Unit G, Chattanooga, TN to 5406 Jackson Street, Chattanooga, TN
BAN20100331	Pulte Mortgage LLC - To open a mortgage office at 115 Flanders Road, Suite 200, Westborough, MA
BAN20100332	Allied Home Mortgage Capital Corporation - To open a mortgage office at 105 Centennial Street, Suite J, LaPlata, MD
BAN20100333	Allied Home Mortgage Corporation - To open a mortgage office at 3716 Court Place, Ellicott City, MD
BAN20100334	Weststar Mortgage, Inc. - To open a mortgage office at 215-B West Broad Street, Statesville, NC
BAN20100335	Precision Funding Group LLC - To relocate mortgage office from 3940 Airline Boulevard, Suite 109, Chesapeake, VA to 12388 Warwick Boulevard, Suite 202B, Newport News, VA
BAN20100336	Adam Kessler - To acquire 25 percent or more of Academy Mortgage Corporation of Utah
BAN20100337	ClearPoint Financial Solutions, Inc. d/b/a ClearPoint Credit Counseling Solutions - To relocate credit counseling office from 710 West 16th Street, Merced, CA to 415 West 18th Street, Merced, CA
BAN20100338	AJ's Grocery & Deli, L.L.C. - To open a check casher at 19417 Brandy Road, Brandy Station, VA
BAN20100339	Capital Quest Mortgage, Inc. - To relocate mortgage office from 3905 National Drive, Suite 270, Burtonsville, MD to 14217 Cherry Lane Court, Laurel, MD
BAN20100340	First Ohio Banc & Lending, Inc. - To open a mortgage office at 2500 Quantum Lakes Drive, Suite 203, Boynton Beach, FL
BAN20100341	N A NationWide Mortgage Corp. (Used in VA by: N A NationWide Mortgage) - To relocate mortgage office from 26361 Crown Valley Parkway, Mission Viejo, CA to 26361 Crown Valley Parkway, Suite 100 , Mission Viejo, CA
BAN20100342	Integrity Home Mortgage Corporation - To relocate mortgage office from 142 N. Queen Street, Martinsburg, WV to 1664 Winchester Avenue, Suite 5, Martinsburg, WV
BAN20100343	Green Valley Mortgage LLC - To open a mortgage office at 15958-A Shady Grove Road, Gaithersburg, MD
BAN20100344	Crossline Capital, Inc. - For additional mortgage authority

BAN20100345	American Security Mortgage Corp. - To open a mortgage office at 1015 Ashes Drive, Wilmington, NC
BAN20100346	DLJ Financial, Inc. - For a mortgage broker's license
BAN20100347	Legacy Home Loans LLC - For a mortgage broker's license
BAN20100348	Prospect Mortgage, LLC d/b/a Fidelity & Trust Mortgage (at certain locations) - To open a mortgage office at 349 Mall Boulevard, Suite 201, Savannah, GA
BAN20100349	Semper Financial Mortgage Corporation - To relocate mortgage office from One Richmond Square, Providence, RI to 255 Dupont Drive, Providence, RI
BAN20100350	StellarOne Bank - To relocate office from 1807 Seminole Trail, Albemarle County, VA to 2021 Seminole Trail, Albemarle County, VA
BAN20100351	University of Virginia Community Credit Union, Inc. - To relocate credit union office from 300 Preston Avenue, Charlottesville, VA to 900 E. Jefferson Street, Charlottesville, VA
BAN20100352	Hampton Roads Mortgage Corporation - To relocate mortgage office from 2609 Sandy Valley Road, Virginia Beach, VA to 2661 Production Road, Suite 101, Virginia Beach, VA
BAN20100353	Hamilton National Mortgage Company - To relocate mortgage office from 1487 Dunwoody Drive, Suite 225, West Chester, PA to 1265 Drummers Lane , Suite 107, Wayne, PA
BAN20100354	SN Servicing Corporation - For a mortgage broker's license
BAN20100355	Poli Mortgage Group, Inc. - For a mortgage lender's license
BAN20100356	Hartford Funding, Ltd. - For a mortgage lender's license
BAN20100357	Patriot Financial, Inc. - For a mortgage broker's license
BAN20100358	Everett Financial, Inc. d/b/a Supreme Lending - To relocate mortgage office from 17290 Preston Road, Suite 300, Dallas, TX to 14801 Quorum Drive, Suite 300, Dallas, TX
BAN20100359	Mortgage Master, Inc. - To open a mortgage office at Greenbrier Point, 1403 Greenbrier Parkway, Suite 200, Chesapeake, VA
BAN20100360	WEI Mortgage Corporation - To relocate mortgage office from 15200 Shady Grove Road, Suite 206, Rockville, MD to 9707 Key West Avenue, Suite 110, Rockville, MD
BAN20100361	John Marshall Bank - To open a branch at 11 N. Washington Street, Rockville, MD
BAN20100362	American Lending Network, Inc. - To relocate mortgage office from 1256 South State Street, Suite 201, Orem, UT to 251 East 1200 South, Orem, UT
BAN20100363	American Lending Network, Inc. - To relocate mortgage office from 8001 Irvine Center Drive, Suite 100 , Irvine, CA to 16168 Beach Boulevard, Suite 201, Huntington Beach, CA
BAN20100364	Green Tree Servicing LLC - To relocate mortgage office from 2300 Fall Hill Avenue, Suite 108, Fredericksburg, VA to 10300 Spotsylvania Avenue, 3rd Floor, Suite 350, Fredericksburg, VA
BAN20100365	JKB Lending, LLC - For a mortgage broker's license
BAN20100366	Envoy Mortgage, Ltd, LP (Used in VA by: Envoy Mortgage, Ltd) - To relocate mortgage office from 13510 East Boundary Road, Suite 101, Midlothian, VA to 6802 Paragon Place, Suite 410, Richmond, VA
BAN20100367	Sierra Pacific Mortgage Company, Inc. - To open a mortgage office at 28 Allegheny Avenue, Suite 504, Baltimore, MD
BAN20100368	Gulfport Financial, L.L.C. d/b/a Virginia Cash Advance - For authority for other business operator to conduct a money transmission business from its payday lending offices
BAN20100369	Old Point Mortgage, LLC - To relocate mortgage office from 1 West Mellen Street, Suite 100, Hampton, VA to 15 West Mellen Street, Suite 100, Hampton, VA
BAN20100370	Silverton Mortgage Specialists, Inc. - For a mortgage lender and broker license
BAN20100371	ISGN Solutions, Inc. - For a mortgage broker's license
BAN20100372	WashingtonFirst Bank - To open a branch at 10777 Main Street, Fairfax, VA
BAN20100373	Potomac Mortgage Group, LLC - To open a mortgage office at 6824 Elm Street, 3rd Floor, McLean, VA
BAN20100374	E Mortgage Management LLC - To open a mortgage office at 17708 Queen Elizabeth Drive, Olney, MD
BAN20100375	WEI Mortgage Corporation - To open a mortgage office at 2010 Corporate Ridge, Suite 700, McLean, VA
BAN20100376	Sheila Ann Rosenson-VanPelt - To open a check casher at 3141 Honey Run Road, Dayton, VA
BAN20100377	Middleburg Bank - To open a branch at 8190 Stonewall Shops Square, Gainesville, VA
BAN20100378	Real Estate Mortgage Network, Inc. d/b/a REMN - To open a mortgage office at 60 Oak Drive, Syosset, NY
BAN20100379	Cordia Bancorp Inc. - To acquire Bank of Virginia Midlothian, VA
BAN20100380	AmBanc Mortgage Corporation (Used in VA by: First Community Mortgage, Inc.) - For a mortgage broker's license
BAN20100381	Green Tree Servicing LLC - To relocate mortgage office from 1400 Westgate Center Drive, Winston-Salem, NC to 7031 Albert Pick Road, Suite 304, Greensboro, NC
BAN20100382	Embrace Home Loans, Inc. - To open a mortgage office at 4634 Cleburne Boulevard, Dublin, VA
BAN20100383	Primenet Mortgage Incorporated - To relocate mortgage office from 1730 Walton Road, Suite 302, Blue Bell, PA to 7361 McWhorter Place, Suite 321, Annandale, VA
BAN20100384	ClearPoint Financial Solutions, Inc. d/b/a ClearPoint Credit Counseling Solutions - To relocate credit counseling office from 100 Fountain Drive, Century Building, Paducah, KY to 118 Bleich Road, Paducah, KY
BAN20100385	Key Financial Corporation - To relocate mortgage office from 300 East Lombard Street, Suite 840, Baltimore, MD to 10015 Old Columbia Road, Suite B215, Columbia, MD
BAN20100386	Ocwen Loan Servicing, LLC - To open a mortgage office at 2 Park Plaza, Suite 280, Irvine, CA
BAN20100387	Euclid Mortgage Services, LLC - To relocate mortgage office from 1737 H Street, N.W., Suite 100, Washington, DC to 1020 16th Street, N.W., Suite 204, Washington, DC
BAN20100388	Bank of the James - To open a branch at 501 V.E.S. Road, Lynchburg, VA
BAN20100389	Reyes Ltd. d/b/a Zippy Mart - To open a check casher at 3401 Hartford Street, Portsmouth, VA
BAN20100390	E M M S Inc. d/b/a Dollar and Gift - To open a check casher at 7630 Stream Walk Lane, Manassas, VA
BAN20100391	DuPont Community Credit Union - To open a credit union service office at 1925 Reservoir Street, Harrisonburg, VA
BAN20100392	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 8960 Quail Run Drive, Perry Hall, MD
BAN20100393	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 6170 Edsail Road, Apt. 39, Alexandria, VA
BAN20100394	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 2011 Alban Lane, Bowie, MD
BAN20100395	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 6927 Decatur Place, Landover Hills, MD

BAN20100396	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 548 Retreat Court, Apt. F, Odenton, MD
BAN20100397	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 2608 Hoods Mill Court, Odenton, MD
BAN20100398	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 7407 Latham Road, Baltimore, MD
BAN20100399	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 12610 Safety Turn, Bowie, MD
BAN20100400	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 2732 Millers Way Drive, Ellicott City, MD
BAN20100401	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 557 Choptank Cove Court, Annapolis, MD
BAN20100402	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 9970 Sherwood Farm Road, Owings Mills, MD
BAN20100403	CareOne Services, Inc. d/b/a CareOne - To relocate credit counseling office from 1477 Haverford Road, Concord, NC to 23911 Huron River Drive, Rockwood, MD
BAN20100404	HomeAmerican Mortgage Corporation - To open a mortgage office at 330 Crossing Boulevard, Suite 201, Orange Park, FL
BAN20100405	Guaranteed Rate, Inc. - To relocate mortgage office from 2121 Waukegan Road, Suite 105, Bannockburn, IL to 400 Skokie Boulevard, Suite 110, Northbrook, IL
BAN20100406	The Money Source Inc. - To relocate mortgage office from 591 Stewart Avenue, Suite 100, Garden City, NY to 135 Maxess Road, Melville, NY
BAN20100407	Plaza Home Mortgage, Inc. - For additional mortgage authority
BAN20100408	Gulfport Financial, L.L.C. d/b/a Virginia Cash Advance - To open a check casher at 6107 Sewells Point Road, Norfolk, VA
BAN20100409	United Grocery, LLC - To open a check casher at 2200 Broad Rock Boulevard, Richmond, VA
BAN20100410	Ivan Ayala d/b/a Mega Giros - To open a check casher at 6326 Arlington Boulevard, Falls Church, VA
BAN20100411	Pulte Mortgage LLC - To open a mortgage office at 3951 Westerre Parkway, Suite 160, Richmond, VA
BAN20100412	Weststar Mortgage, Inc. - To relocate mortgage office from 15285 Harrison Hill Lane, Leesburg, VA to 130 North 21st Street, Suite 2, Purcellville, VA
BAN20100413	Capitol Financing LLC (Used in VA by: Capitol Funding, LLC) - To relocate mortgage office from 438 North Frederick Avenue, Gaithersburg, MD to 20 Courthouse Square, Suite 213, Rockville, MD
BAN20100414	Wilmington Finance, Inc. - To relocate mortgage office from 401 Plymouth Road, Suite 400, Plymouth Meeting, PA to 620 W. Germantown Pike, Suite 440, Plymouth Meeting Executive Campus, Plymouth Meeting, PA
BAN20100415	Everett Financial, Inc. d/b/a Supreme Lending - To open a mortgage office at 2025 Castaic Lane, Knoxville, TN
BAN20100416	New American Mortgage LLC - To relocate mortgage office from 1328 N. Great Neck Road, Space 841, Virginia Beach, VA to 1328 N. Great Neck Road, Space 101, Virginia Beach, VA
BAN20100417	Flagship Financial Group, LLC - To relocate mortgage office from 1936 Mantova Street, Danville, CA to 675 Hartz Avenue, Suite 201, Danville, CA
BAN20100418	Elite Funding Corporation d/b/a Tenacity Mortgage Corp. - To open a mortgage office at 2206 Executive Drive, Suite A, Hampton, VA
BAN20100419	WEI Mortgage Corporation - To open a mortgage office at 1960 Gallows Road, Suite 110B, Vienna, VA
BAN20100420	Key Financial Corporation - To open a mortgage office at 2804 E. 55th Place, Office E, Indianapolis, IN
BAN20100421	Key Financial Corporation - To relocate mortgage office from 1660 International Drive, Suite 400, McLean, VA to 8201 Greensboro Drive, Suite 300, McLean, VA
BAN20100422	New Day Financial, LLC - To open a mortgage office at Stratum Executive Center, Building A, 11044 Research Boulevard, Suite A525, Austin, TX
BAN20100423	eWiz Mortgage Corporation - To relocate mortgage office from 2507 Ennalls Avenue, Suite 203, Wheaton, MD to 8945 Shady Grove Court, Gaithersburg, MD
BAN20100424	America's Mortgage Broker, L.L.C. d/b/a Affordable Home Funding - To open a mortgage office at 434 Chadmore Drive, Charlotte, NC
BAN20100425	Salgado's Corporation d/b/a Elden Market & Deli - To open a check casher at 1141 Elden Street, Suite 103, Herndon, VA
BAN20100426	Security One Lending, Inc. (Used in VA by: Security One Lending) - For a mortgage lender and broker license
BAN20100427	Aisha, Inc. d/b/a 7- Brothers Food City - To open a check casher at 6819 Sewells Point Road, Norfolk, VA
BAN20100428	1st Maryland Mortgage Corporation d/b/a Great Oak Lending Partners - For a mortgage broker's license
BAN20100429	New American Mortgage LLC - To open a mortgage office at 200 Westgate Parkway, Suite 102, Richmond, VA
BAN20100430	New American Mortgage LLC - To open a mortgage office at 7201 Glen Forest Drive, Suite 104, Richmond, VA
BAN20100431	J&J Lending Corporation - To relocate mortgage office from 4540 Campus Drive, Suite 111, Newport Beach, CA to 2405 McCabe Way, Suite 213, Irvine, CA
BAN20100432	E Mortgage Management LLC - To open a mortgage office at 101 Creek Crossing Boulevard, Hainesport, NJ
BAN20100433	Intercoastal Mortgage Company - To open a mortgage office at 6878 Fleetwood Road, Suite D, McLean, VA
BAN20100434	Corridor Mortgage Group, Inc. - To open a mortgage office at 45 Old Solomon's Island Road, Suite 201, Annapolis, MD
BAN20100435	Corridor Mortgage Group, Inc. - To open a mortgage office at 8815 Centre Park Drive, Suite 110, Columbia, MD
BAN20100436	Blackhawk Network California, Inc. - For a money order license
BAN20100437	Muawia Abdel Jalil d/b/a Community Shop In - To open a check casher at 1615 Burrell Street, N.W., Roanoke, VA
BAN20100438	First Virginia Financial Services, LLC d/b/a First Virginia - To open a check casher at 3219 Crater Road, Suite C, Petersburg, VA
BAN20100439	American Express Prepaid Card Management Corporation - For a money order license
BAN20100440	ClearPoint Financial Solutions, Inc. d/b/a ClearPoint Credit Counseling Solutions - To relocate credit counseling office from 4972 Benchmark Center, Suite 300, Swansea, IL to 131 Lincoln Place, Belleville, IL
BAN20100441	First Home Mortgage Corporation - To open a mortgage office at 1341 44th Avenue, Suite 102, Myrtle Beach, SC
BAN20100442	Village Capital & Investment LLC d/b/a Village Home Mortgage - To open a mortgage office at 379 Thornall Street, Edison, NJ
BAN20100443	Franklin American Mortgage Company - To relocate mortgage office from 8516 Shepherdstown Pike, Shepherdstown, WV to 112 E. German Street, Shepherdstown, WV
BAN20100444	Gateway Funding Diversified Mortgage Services, L.P. - To relocate mortgage office from 609 Eugene Court, Suite A, Greensboro, NC to 4280 Piedmont Parkway, Suite 101, Greensboro, NC

BAN20100445	Just Mortgage, Inc. - To relocate mortgage office from 7611 Little River Turnpike, Suite 205W, Annandale, VA to 7619 Little River Turnpike, Suite 240, Annandale, VA
BAN20100446	Village Capital & Investment LLC d/b/a Village Home Mortgage - To open a mortgage office at Westshore Center, 1715 N. Westshore Blvd, Tampa, FL
BAN20100447	TLC Mortgage, LLC - To relocate mortgage office from 109 South Fairfax Street, Alexandria, VA to 11921 Valley View Drive, Nokesville, VA
BAN20100448	Integrity Home Loan of Central Florida, Inc. - To open a mortgage office at 1865 N. Corporate Lakes Boulevard, Suite 1, Weston, FL
BAN20100449	Money Management International, Inc. d/b/a Consumer Credit Counseling Service of Greater Washington (In certain offices) - To relocate credit counseling office from 4846 Kings Mountain Road, Collinsville, VA to 300 Franklin Street, Suite 231, Martinsville, VA
BAN20100450	Mariner Finance of Virginia, LLC - For permission to conduct consumer finance business where accidental death and dismemberment insurance will also be sold
BAN20100451	Mariner Finance of Virginia, LLC - For permission to conduct consumer finance business where automobile club memberships will also be sold
BAN20100452	Mariner Finance of Virginia, LLC - For permission to conduct consumer finance business where sales finance business will also be conducted
BAN20100453	Mariner Finance of Virginia, LLC - To open a consumer finance office at 13102 Midlothian Turnpike, Midlothian, VA
BAN20100454	Integrity Home Loan of Central Florida, Inc. - To open a mortgage office at 10151 Deerwood Park Boulevard, Building 200, Suite 250, Jacksonville, FL
BAN20100455	First Mortgage Lenders, Inc. - For a mortgage broker's license
BAN20100456	Crossline Capital, Inc. - To relocate mortgage office from 27121 Towne Centre Drive, Suite 150, Foothill Ranch, CA to 3351 Michelson Drive, Suite 200, Irvine, CA
BAN20100457	Lee & Bae, Inc. d/b/a Colonial Market - To open a check casher at 1605 Commonwealth Avenue, Alexandria, VA
BAN20100458	Anh Minh Money Transfer, Inc. - For a money order license
BAN20100459	J&D Solorzano, Inc. d/b/a El Tepeyac - To open a check casher at 380 Greenbrier Drive, Suite E, Charlottesville, VA
BAN20100460	Van Dyk Mortgage Corporation - For a mortgage lender and broker license
BAN20100461	American General Financial Services of America, Inc. - To relocate consumer finance office from 445-2 Oriana Road, Newport News, VA to Newport Marketplace, 321 Chatham Drive, Newport News, VA
BAN20100462	Equity Resources of Ohio Inc. (Used in VA by: Equity Resources, Inc.) - To relocate mortgage office from 4821 Saint Leonard Road, Suite 101B, Saint Leonard, MD to 15372 B. Crabbs Branch Way, Rockville, MD
BAN20100463	1st Solution Mortgage, Inc. - To relocate mortgage office from 5702 Helmsdale Lane, Alexandria, VA to 6808 Northfield Drive, Annandale, VA
BAN20100464	Precision Funding Group LLC - To open a mortgage office at 535 Route 38 East, Suite 130, Cherry Hill, NJ
BAN20100465	Express Check Advance of Virginia, LLC d/b/a Express Check Advance - For authority for other business operator to sell prepaid phone cards from its payday lending offices
BAN20100466	American General Financial Services, Inc. - To relocate mortgage office from 445 Oriana Road, Suite 2, Newport News, VA to Newport Marketplace, 321 Chatham Drive, Newport News, VA
BAN20100467	Kuber LLC d/b/a Handi Mart - To open a check casher at 17 Hanover Road, Sandston, VA
BAN20100468	GID Services, Inc. - For a mortgage broker's license
BAN20100469	Alcova Mortgage LLC - To open a mortgage office at 111 S. Main Street, Gordonsville, VA
BAN20100470	Alcova Mortgage LLC - To open a mortgage office at 113 Chapman Street, Orange, VA
BAN20100471	Fairway Independent Mortgage Corporation - To open a mortgage office at 128 West Market Street, Suite 101, Harrisonburg, VA
BAN20100472	American Nationwide Mortgage Company, Inc. - To relocate mortgage office from 5243 Monroe Drive, Springfield, VA to 5252 Cherokee Avenue, Suite 220-C, Alexandria, VA
BAN20100473	First Home Mortgage Corporation - To open a mortgage office at 1825 Howell Road, Suite 2, Hagerstown, MD
BAN20100474	Flagship Mortgage Corporation - To open a mortgage office at 5235 Westview Drive, Suite 100, Frederick, MD
BAN20100475	Flagship Mortgage Corporation - To open a mortgage office at 539 Ford Street, Suite A Rear, West Conshohocken, PA
BAN20100476	Flagship Mortgage Corporation - To open a mortgage office at 6133 Rockside Road, Suite 400, Independence, OH
BAN20100477	PMC Bancorp, Inc. (Used in VA by: PMC Bancorp) - For a mortgage lender and broker license
BAN20100478	La Bodeguita Hispana, Inc. - To open a check casher at 5225 Williamson Road, N.W., Roanoke, VA
BAN20100479	InCharge Debt Solutions - To relocate credit counseling office from 2101 Park Center Drive, Suite 320, Orlando, FL to 5750 Major Boulevard, Suite 175, Orlando, FL
BAN20100480	New American Mortgage LLC - To open a mortgage office at 7231 Forest Avenue, Suite 303, Richmond, VA
BAN20100481	Paramount Equity Mortgage, Inc. - To relocate mortgage office from 3111 Camino Del Rio North, Suite 900, San Diego, CA to 8880 Rio San Diego Drive, Suite 1100, San Diego, CA
BAN20100482	Advance Financial Services, LLC - To relocate payday lender's office from 5501 Patterson Avenue, Suite 203, Richmond, VA to 621-623 N. 3rd Street, Richmond, VA
BAN20100483	Great Western Financial Services, Inc. - For a mortgage lender's license
BAN20100484	Key Financial Corporation - To open a mortgage office at 2010 Corporate Ridge, Suite 776, McLean, VA
BAN20100485	New American Mortgage LLC - To open a mortgage office at 511 North Meadow Street, Richmond, VA
BAN20100486	New American Mortgage LLC - To open a mortgage office at 9401 Courthouse Road, Suite 200, Chesterfield, VA
BAN20100487	Guardian Mortgage, Inc. - To relocate mortgage office from 8989 Cotswold Drive, Suite 6, Burke, VA to 5803 Rolling Road, Suite 103, Springfield, VA
BAN20100488	Charles M. Lott - To acquire 25 percent or more of MetAmerica Mortgage Bankers, Inc.
BAN20100489	Rebate Direct Inc. - To open a check casher at 220 Imboden Drive, Winchester, VA
BAN20100490	Aadvantage Plus Financial, Inc. d/b/a A.A.A. Aadvantage Plus Financial - To relocate mortgage office from 1901 Research Boulevard, Suite 320, Rockville, MD to 6701 Democracy Boulevard, Suite 300, Bethesda, MD
BAN20100491	Eagle Creek Mortgage, LLC - To open a mortgage office at 9511 Burning Branch Road, Burke, VA
BAN20100492	Primary Residential Mortgage, Inc. - To open a mortgage office at 13873 Park Center Road, Suite 136, Herndon, VA

BAN20100493	Frank J. Weaver, Inc. d/b/a Atlantic Home Equity - To relocate mortgage office from 170 Lakefront Drive, Hunt Valley, MD to 9603 Deereco Road, Suite 301, Timonium, MD
BAN20100494	Lindo Amanecer, Latino Market, Inc. - To open a check casher at 3020 Broad Rock Boulevard, Richmond, VA
BAN20100495	Financial Exchange Company of Virginia, Inc. d/b/a Money Mart - For authority for other business operator to conduct gold purchasing business from its payday lending offices
BAN20100496	Integrity Home Loan of Central Florida, Inc. - To relocate mortgage office from 10151 Deerwood Park Boulevard, Jacksonville, FL to 8130 Baymeadows Way West, Suite 104, Jacksonville, FL
BAN20100497	Home Loan Center, Inc. d/b/a LendingTree Loans - To relocate mortgage office from 11215 Rushmore Drive, Charlotte, NC to 11115 Rushmore Drive, Suite 200, Charlotte, NC
BAN20100498	IBM Lender Business Process Services, Inc. - To relocate mortgage office from 8501 IBM Drive, Building 201, Charlotte, NC to 3039 Cornwallis Road, Building 203, Suite CC133, Research Triangle Park, NC
BAN20100499	Beacon Credit Union, Incorporated - To open a credit union service office at Mohawk Industries, 404 Anderson Street, Glasgow, VA
BAN20100500	Freedom Mortgage Corporation - To open a mortgage office at 8078 Paper Birch Drive, Lorton, VA
BAN20100501	Corridor Mortgage Group, Inc. - To open a mortgage office at 2201 Warwick Way, Marriottsville, MD
BAN20100502	Corridor Mortgage Group, Inc. - To open a mortgage office at 8171 Maple Lawn Boulevard, Suite 150, Fulton, MD
BAN20100503	Euclid Mortgage Services, LLC - To relocate mortgage office from 1737 H Street, N.W., Suite 100, Washington, DC to 1020 16th Street, N.W., Suite 204, Washington, DC
BAN20100504	Tower Residential Capital, LLC - To relocate mortgage office from 12 South Summit Avenue, Suite 105, Gaithersburg, MD to One Research Court, Suite 450, Rockville, MD
BAN20100505	Atlantic Bay Mortgage Group, L.L.C. - To open a mortgage office at 1916 Euclid Avenue, Bristol, VA
BAN20100506	Corridor Mortgage Group, Inc. - To open a mortgage office at 421 South Main Street, Bel Air, MD
BAN20100507	Corridor Mortgage Group, Inc. - To open a mortgage office at 45 Old Solomon's Island Road, Suite 201, Annapolis, MD
BAN20100508	Corridor Mortgage Group, Inc. - To open a mortgage office at 574-F Ritchie Highway, Severna Park, MD
BAN20100509	Corridor Mortgage Group, Inc. - To open a mortgage office at 8815 Centre Park Drive, Suite 110, Columbia, MD
BAN20100510	Corridor Mortgage Group, Inc. - To open a mortgage office at 7400 Bradshaw Road, Kingsville, MD
BAN20100511	Corridor Mortgage Group, Inc. - To open a mortgage office at 3448 Ellicott Center Drive, Suite 102, Ellicott City, MD
BAN20100512	Sierra Pacific Mortgage Company, Inc. - To open a mortgage office at 210 N. Hickory Avenue, Suite 204, Bel Air, MD
BAN20100513	Network Funding, L.P. - To open a mortgage office at 21837 Ainsley Court, Ashburn, VA
BAN20100514	Union First Market Bank - To merge into it Northern Neck State Bank and The Rappahannock National Bank of Washington
BAN20100516	Tienda Alfa Y Omega Inc. - To open a check casher at 3603 Williamson Road, Roanoke, VA
BAN20100517	Accrued Capital, Inc. - To relocate mortgage office from 2500 McClellan Avenue, Suite 160, Pennsauken, NJ to 2 Yale Avenue, Morton, PA
BAN20100518	Oxford Lending Group, LLC - To open a mortgage office at 5017 Cemetery Road, Suite 100, Hilliard, OH
BAN20100519	Cornerstone Home Lending, Inc. (Used In VA by: Cornerstone Mortgage Company) - To open a mortgage office at 8350 N. Central Expressway, Suite 1080, Dallas, TX
BAN20100520	Lemus Distribuidor LP - To open a check casher at 3305 Broad Rock Boulevard, Richmond, VA
BAN20100521	Washington Capitol Financial Corp. - For additional mortgage authority
BAN20100522	Polaris Home Funding Corp. - To relocate mortgage office from 0-185 44th Street, S.W., Suite 2, Grandville, MI to 0-151 44th Street, S.W., Grandville, MI
BAN20100523	MiLend, Inc. - For a mortgage lender and broker license
BAN20100524	Weststar Mortgage, Inc. - To open a mortgage office at 1600 N. Coalter Street, Suite 15, Staunton, VA
BAN20100525	iServe Residential Lending, LLC - To open a mortgage office at 16510 Bake Parkway, Suite 200, Irvine, CA
BAN20100526	Approved Cash Advance Centers (Virginia), LLC d/b/a Approved Cash Advance - For authority for other business operator to conduct business as an agent of a licensed money transmitter in its payday lending offices
BAN20100527	America First Mortgage & Loan Services, LLC - To relocate mortgage office from 121 North Main Street, Woodstock, VA to 301 South Main Street, Woodstock, VA
BAN20100528	Jeffery G. Tennyson - To acquire 25 percent or more of RMC Financial, Inc.
BAN20100529	SWBC Mortgage Corporation - For a mortgage lender's license
BAN20100530	Trinity Mortgage, Inc. - To relocate mortgage office from 425 Monticello Avenue, Norfolk, VA to 2622 Southern Boulevard, Suite 103, Virginia Beach, VA
BAN20100531	CareOne Services, Inc. d/b/a CareOne - To relocate credit counseling office from 8343-L Montgomery Run Road, Ellicott City, MD to 11014 Pumpkin Place, Fairfax, VA
BAN20100532	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 2337-2 Boston Street, Baltimore, MD
BAN20100533	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 10109 Tenbrook Drive, Silver Spring, MD
BAN20100534	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 1419 Redfield Road, Belair, MD
BAN20100535	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 3973 Penzance Place, Williamsburg, VA
BAN20100536	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 1 Lancashire Court, Owings Mills, MD
BAN20100537	CMCO Mortgage, LLC - For a mortgage lender's license
BAN20100538	Nationwide Biweekly Administration, Inc. - For a money order license
BAN20100539	CareOne Services, Inc. d/b/a CareOne - To relocate credit counseling office from 3512 Putty Hill Avenue, Parkville, MD to 3109 Louise Avenue, Baltimore, MD
BAN20100540	CareOne Services, Inc. d/b/a CareOne - To relocate credit counseling office from 11518 Flallon Avenue, Norwalk, CA to 1228 S. Leaf Avenue, West Covina, CA
BAN20100541	CareOne Services, Inc. d/b/a CareOne - To relocate credit counseling office from 9901 Boysenberry Way, #238, Gaithersburg, MD to 104 N Madeira, Baltimore, MD
BAN20100542	CareOne Services, Inc. d/b/a CareOne - To relocate credit counseling office from 7300 NE Vancouver Mall Drive, Apartment 89, Vancouver, WA to 810 109th Court, Vancouver, WA
BAN20100543	Elite Funding Corporation d/b/a Tenacity Mortgage Corp. - To relocate mortgage office from 2206 Executive Drive, Suite A, Hampton, VA to 732 Thimble Shoals Boulevard, Suite 204, Newport News, VA

BAN20100544	Benchmark Mortgage Inc. - To relocate mortgage office from 6800 Paragon Place, Suite 475, Richmond, VA to 4413 Cox Road, Glen Allen, VA
BAN20100545	First Financial Services, Inc. - To relocate mortgage office from 13860 Booker T. Washington Highway, Moneta, VA to 124 Wedgewood Drive, Rocky Mount, VA
BAN20100546	Provident Funding Group, Inc. - To open a mortgage office at 11835 West Olympic Boulevard, Suite 715 E, Los Angeles, CA
BAN20100547	New American Mortgage LLC - To open a mortgage office at 4951 Lakebrook Drive, Suite 350, Glen Allen, VA
BAN20100548	First Home Mortgage Corporation - To relocate mortgage office from 8201 Greensboro Drive, Suite 300, McLean, VA to 1355 Beverly Road, Suite 215, McLean, VA
BAN20100549	Intermex Wire Transfer, LLC - To open a check casher at 1751 S. Main Street, Harrisonburg, VA
BAN20100550	Royal JC Enterprises, LLC - To open a check casher at 4895 Fort Avenue, Lynchburg, VA
BAN20100551	Associated Mortgage Bankers Inc. - For a mortgage lender and broker license
BAN20100552	Stearns Lending, Inc. d/b/a FPF Wholesale (in certain offices) - To open a mortgage office at 7917 Harford Road, Baltimore, MD
BAN20100553	Cornerstone Home Lending, Inc. (Used In VA by: Cornerstone Mortgage Company) - To open a mortgage office at 3029 S. Sherwood Forest Boulevard, #110, Baton Rouge, LA
BAN20100554	Cornerstone Home Lending, Inc. (Used In VA by: Cornerstone Mortgage Company) - To open a mortgage office at 1 Dunwoody Park, Suite 200, Atlanta, GA
BAN20100555	Sebring Boone Mortgage, LLC - To relocate mortgage office from 20400 Observation Drive, Suite 102, Germantown, MD to 26227 Ridge Road, Damascus, MD
BAN20100556	Waverly Convenience, Inc. d/b/a Waverly BP - To open a check casher at 103 N. County Drive, Waverly, VA
BAN20100557	Sierra Pacific Mortgage Company, Inc. - To relocate mortgage office from 10440 Little Patuxent Parkway, Suite 300, Columbia, MD to 8840 Stanford Boulevard, Suite 3500, Columbia, MD
BAN20100558	Residential Relief Foundation, LLC - For a mortgage broker's license
BAN20100559	Embrace Home Loans, Inc. - To relocate mortgage office from 9990 Fairfax Boulevard, Suite 340, Fairfax, VA to 10306 Eaton Place, Suite 100, Fairfax, VA
BAN20100560	Academy Mortgage Corporation of Utah (Used in VA by: Academy Mortgage Corporation) - To open a mortgage office at 9980 South 300 West, Suite 200, Sandy, UT
BAN20100561	Virginia Credit Union, Inc. - To open a credit union service office at Eastern State Hospital, Building 2, 4601 Ironbound Road, Williamsburg, VA
BAN20100562	Tidewater Home Mortgage Group Inc. - To open a mortgage office at 5805 Staples Mill Drive, Suite C, Henrico, VA
BAN20100563	Virginia Auto Loans, Inc. - For permission to conduct consumer finance business where a motor vehicle title lending business will also be conducted by a third party
BAN20100564	Fast Auto Loans, Inc. - For a motor vehicle title lender's license
BAN20100565	Fast Auto Loans, Inc. - For authority for other business operator to conduct consumer finance business from the licensee's motor vehicle title lending offices
BAN20100566	Jeffery T. Valcourt, JNV Limited Partnership II, and JNV Limited P III - To acquire 100% of United Financial Banking Companies, Inc.
BAN20100567	Member Options, LLC - For a mortgage lender and broker license
BAN20100568	CMG Mortgage, Inc. - For a mortgage lender and broker license
BAN20100569	Quicken Loans Inc. - To relocate mortgage office from 20555 Victor Parkway, Livonia, MI to 1050 Woodward Avenue, Detroit, MI
BAN20100570	Trustworthy Mortgage Corporation - To relocate mortgage office from 15850 Crabbs Branch Way, Suite 360, Rockville, MD to 7648 Standish Place, Rockville, MD
BAN20100571	Primary Capital Advisors LC - To open a mortgage office at 145 Garrison Branch Road, Unit 2, Weaverville, NC
BAN20100572	E Mortgage Management LLC - To open a mortgage office at 7630 Little River Turnpike, Suite 302, Annandale, VA
BAN20100573	McLean Mortgage Corporation - To open a mortgage office at 770 Lynnhaven Parkway, Suite 200, Virginia Beach, VA
BAN20100574	McLean Mortgage Corporation - To relocate mortgage office from 5541 Mapledale Plaza, Woodbridge, VA to 9028 Prince William Street, Suite F, Manassas, VA
BAN20100575	First Main Street Financial, Inc. (Used in VA by: Main Street Financial Inc.) - To open a mortgage office at 1321 Jamestown Road, Suite 101, Williamsburg, VA
BAN20100576	Xerxes Mortgage, LLC - For a mortgage broker's license
BAN20100577	Atlantic Bay Mortgage Group, L.L.C. - To relocate mortgage office from 112 S. Providence Road, Suite 201, Richmond, VA to 830 Southlake Boulevard, Suite B, Richmond, VA
BAN20100578	Alcova Mortgage LLC - To open a mortgage office at 230 Costello Drive, 2nd Floor, Winchester, VA
BAN20100579	LenderLive Network, Inc. - To relocate mortgage office from 4500 Cherry Creek Drive, South, #200, Glendale, CO to 710 S. Ash Street, Suite 200, Glendale, CO
BAN20100580	Freedom Mortgage Corporation - To relocate mortgage office from 224 Anvil Drive, Feasterville, PA to 11 Randolph Court, Newtown, PA
BAN20100581	Approved Cash Advance Centers (Virginia), LLC d/b/a Approved Cash Advance - To relocate payday lender's office from 116 South Independence Boulevard, Virginia Beach, VA to 3864 Holland Road, Virginia Beach, VA
BAN20100582	Bank of Clarke County - To open a branch at 21 Main Street, Round Hill, VA
BAN20100583	Anderson Financial Services, LLC LoanMax (Used in VA by: Anderson Financial Services, LLC) d/b/a LoanMax - For a motor vehicle title lender's license
BAN20100584	Kipling Financial Services, LLC d/b/a MoneyMax Title Loans - For a motor vehicle title lender's license
BAN20100585	LoanSmart, LLC - For a motor vehicle title lender's license
BAN20100586	Liberty United Mortgage, LLC - To relocate mortgage office from 204 North George Street, Suite 230, York, PA to 224 North George Street, 2nd Floor, York, PA
BAN20100587	Advanced Funding Solutions Inc. - To relocate mortgage office from 250 W. Montauk Highway, Lindenhurst, NY to 926 Sunrise Highway, West Babylon, NY
BAN20100588	American Neighborhood Mortgage Acceptance Company LLC - For a mortgage lender and broker license
BAN20100589	United Mortgage Partners LLC - For a mortgage lender and broker license
BAN20100590	Fairway Independent Mortgage Corporation - To open a mortgage office at 147 North Main Street, Woodstock, VA

BAN20100591	Integrity Home Loan of Central Florida, Inc. - To relocate mortgage office from 200 Knuth Road, Suite 204, Boynton Beach, FL to 420 Columbia Drive, Suite 105, West Palm Beach, FL
BAN20100592	New America Financial Corporation - To relocate mortgage office from 7501 Greenway Center Drive, Greenbelt, MD to 2273 Research Boulevard, Suite 700, Rockville, MD
BAN20100593	Potomac Mortgage Group, LLC - To open a mortgage office at 4035 Ridge Top Road, Fairfax, VA
BAN20100594	GreenPath, Inc. d/b/a GreenPath Debt Solutions - To open an additional credit counseling office at 27555 Farmington Road, Suite 200, Farmington Hills, MI
BAN20100595	ACAC, Inc. - For a motor vehicle title lender's license
BAN20100596	Industrial Loan Company - To relocate industrial loan office from 508 Main Street, Clifton Forge, VA to 538 Main Street, Clifton Forge, VA
BAN20100597	Reynco Associates, Inc. - To open a check casher at 13512 Minnieville Road, Suite 240, Woodbridge, VA
BAN20100598	Ocwen Loan Servicing, LLC - To open a mortgage office at 4837 Watt Avenue, North Highlands, CA
BAN20100599	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 9160 Lambskin Lane, Columbia, MD
BAN20100600	CareOne Services, Inc. d/b/a CareOne - To relocate credit counseling office from 826 E. Rambo Road, Rock Hill, SC to 4012 Pennington Road, Rock Hill, SC
BAN20100601	CareOne Services, Inc. d/b/a CareOne - To relocate credit counseling office from 3 A Sugar Plum Court, Cockeysville, MD to 8014 Alloway Lane, Beltsville, MD
BAN20100602	CareOne Services, Inc. d/b/a CareOne - To relocate credit counseling office from 10352 Wetherburn Road, Woodstock, MD to 6775 Old Waterloo Road, Apartment 623, Elkridge, MD
BAN20100603	CareOne Services, Inc. d/b/a CareOne - To relocate credit counseling office from 2 Trolod Court, Apartment K, Owings Mills, MD to 4711 Riverstone Drive, Apartment 302, Owings Mills, MD
BAN20100604	CareOne Services, Inc. d/b/a CareOne - To relocate credit counseling office from 2812 Berrywood Lane, Upper Marlboro, MD to 4695 Prestancia Place, Apartment 106, Waldorf, MD
BAN20100605	CareOne Services, Inc. d/b/a CareOne - To relocate credit counseling office from 12720 Candle Leaf Court, Charlotte, NC to 3318 Ernest Russell Court, Charlotte, NC
BAN20100606	CareOne Services, Inc. d/b/a CareOne - To relocate credit counseling office from 1230 NE 11th Avenue, Fort Lauderdale, FL to 7936 Belridge Road, Apartment J, Nottingham, MD
BAN20100607	CareOne Services, Inc. d/b/a CareOne - To relocate credit counseling office from 4314 Flint Hill Drive, Apartment 302, Owings Mills, MD to 2084 Corbett Road, Monkton, MD
BAN20100608	Canal Express Food Mart & Tobacco, Inc. - To open a check casher at 1205 North George Washington, Chesapeake, VA
BAN20100609	New View Mortgage Corp. - For a mortgage lender and broker license
BAN20100610	BB Money Transfer, Inc. - For a money order license
BAN20100611	Colonial 1st Mortgage, Inc. - To relocate mortgage office from 4551 Cox Road, Suite 240, Glen Allen, VA to 11213C Nuckols Road, Glen Allen, VA
BAN20100612	Integrity Home Mortgage Corporation - To relocate mortgage office from 480 W. Jubal Early Dr., Suite 210, Winchester, VA to 621 W. Jubal Early Dr., Suite D, Winchester, VA
BAN20100613	Weststar Mortgage, Inc. - To relocate mortgage office from 870 Greenbrier Circle, Suite 202, Chesapeake, VA to 870 Greenbrier Circle, Suite 400, Chesapeake, VA
BAN20100614	Money Management International, Inc. d/b/a Consumer Credit Counseling Service of Greater Washington (In certain offices) - To relocate credit counseling office from 9009 West Loop, South, Suite 700, Houston, TX to 14141 Southwest Freeway, Suite 1000, Sugar Land, TX
BAN20100615	ClearPoint Financial Solutions, Inc. d/b/a ClearPoint Credit Counseling Solutions - To relocate credit counseling office from 3701 Boulevard, Suite D, Colonial Heights, VA to 110 Wagner Road, Petersburg, VA
BAN20100616	Everett Financial, Inc. d/b/a Supreme Lending - To open a mortgage office at 25511 Budde Road, Suites 401 and 402, The Woodlands, TX
BAN20100617	Excel Mortgage Servicing, Inc. - For a mortgage lender and broker license
BAN20100618	Motion Mortgage Inc. - For a mortgage broker's license
BAN20100619	Wipro Gallagher Solutions, Inc. - To open a mortgage office at CDC 5, SEZ SOZHANGANALLUR, Chennai, Tamil Nadu, India 600118, NA
BAN20100620	New American Mortgage LLC - To open a mortgage office at 575 Lynnhaven Parkway, Suite 170, Virginia Beach, VA
BAN20100621	New American Mortgage LLC - To open a mortgage office at 575 Lynnhaven Parkway, Suite 240, Virginia Beach, VA
BAN20100622	Flagship Mortgage Corporation - To open a mortgage office at 1760 West Market Street, Suite 403, Philadelphia, PA
BAN20100623	Ibanez Mortgage Group, LLC d/b/a USA Loans - To relocate mortgage office from 307 Yoakum Parkway, Unit 220, Alexandria, VA to 11216 Waples Mill Road, Suite 102C, Fairfax, VA
BAN20100624	Primenet Mortgage Incorporated - To relocate mortgage office from 7361 McWhorter Place, Suite 321, Annandale, VA to 5021 Backlick Road, Suite B, Annandale, VA
BAN20100625	Village Capital & Investment LLC d/b/a Village Home Mortgage - To open a mortgage office at 190 Highway 18, Suite 303, East Brunswick, NJ
BAN20100626	Embrace Home Loans, Inc. - To relocate mortgage office from 3301 Lancaster Pike, Suite 1D, Wilmington, DE to 5341 Limestone Road, Suite 101, Wilmington, DE
BAN20100627	Mortgage and Equity Funding Corporation - To relocate mortgage office from 3370 Urbana Pike, Ijamsville, MD to 25 First Street, S.E., Suite 1, Leesburg, VA
BAN20100628	CapGen Capital Group VI LP - To acquire Hampton Roads Bankshares, Inc.
BAN20100629	LoanSmart, LLC - For authority for other business operator to purchase precious metals from the licensee's motor vehicle title lending offices
BAN20100630	Kipling Financial Services, LLC - For authority for other business operator to purchase precious metals from the licensee's motor vehicle title lending offices
BAN20100631	Anderson Financial Services, LLC LoanMax (Used in VA by: Anderson Financial Services, LLC) d/b/a LoanMax - For authority for other business operator to purchase precious metals from the licensee's motor vehicle title lending offices
BAN20100632	Resource Financial Services, Inc. - For a mortgage lender's license
BAN20100633	Quick Lend, Inc. - To open a consumer finance office
BAN20100634	Quick Lend, Inc. - To open a consumer finance office at 8316 Staples Mill Road, Richmond, VA

BAN20100635	DHI Mortgage Company, Ltd. LP (Used in VA by: DHI Mortgage Company, Ltd.) - To open a mortgage office at 15810 Gaither Drive, 2nd Floor, Gaithersburg, MD
BAN20100636	Insight Capital, LLC - For a money order license
BAN20100637	Virginia Partners Bank - To open a branch at Cowan Center, 2521 Cowan Boulevard, Fredericksburg, VA
BAN20100638	Equity Resources of Ohio Inc. (Used in VA by: Equity Resources, Inc.) - To open a mortgage office at 8334 Veterans Highway, Suite 1E, Millersville, MD
BAN20100639	Francis B. Simkins, III - To acquire 25 percent or more of Old Virginia Mortgage, Inc.
BAN20100640	George M. Temple, Jr. - To acquire 25 percent or more of Old Virginia Mortgage, Inc.
BAN20100641	J.I. Kislak Mortgage LLC - For a mortgage lender's license
BAN20100642	The Park Express Convenience Inc. - To open a check casher at 1401 E. Brookland Park Boulevard, Richmond, VA
BAN20100643	Franco Rios Hernandez d/b/a La Ideal - To open a check casher at 2336 Greensboro Road, Martinsville, VA
BAN20100644	ClearPoint Financial Solutions, Inc. d/b/a ClearPoint Credit Counseling Solutions - To relocate credit counseling office from 338 North Elm Street, Suite 303, Greensboro, NC to 5509-B Friendly Avenue, Suite 104, Greensboro, NC
BAN20100645	Finance USA Corporation - To open a mortgage office at 6924C Little River Turnpike, Annandale, VA
BAN20100646	Global One Mortgage, LLC - To relocate mortgage office from 7601 Lewinsville Road, Suite 307-A, McLean, VA to 7601 Lewinsville Road, Suite 306-M, McLean, VA
BAN20100647	Towne Bank - To open a branch at 6670 Caratoke Highway, Grandy, NC
BAN20100648	Towne Bank - To open a branch at 178 U.S. 158 West, Camden, NC
BAN20100649	Towne Bank - To open a branch at 824 Ocean Trail, Corolla, NC
BAN20100650	Towne Bank - To open a branch at 3105 N. Croatan Road, Kill Devil Hills, NC
BAN20100651	Towne Bank - To open a branch at 5531 N. Croatan Highway, Southern Shores, NC
BAN20100652	Towne Bank - To open a branch at 250 Caratoke Highway, Moyock, NC
BAN20100653	ISF Virginia, LLC - To open a consumer finance office
BAN20100654	Brooke Enterprises, Inc. d/b/a Cash Today - For authority for other business operator to conduct a payday lending business from the licensee's motor vehicle title lending offices
BAN20100655	Brooke Enterprise, Inc. d/b/a Cash Today - For a motor vehicle title lender's license
BAN20100656	LTC Global, Inc. - To acquire 25 percent or more of EquiPoint Financial Network, Inc.
BAN20100657	The First Bank and Trust Company - To relocate office from 101 Annjo Court, Forest, VA to 17011 Forest Road, Forest, VA
BAN20100658	J&J Lending Corporation - To relocate mortgage office from 4540 Campus Drive, Suite 111, Newport Beach, CA to 2405 McCabe Way, Suite 213, Irvine, CA
BAN20100659	Equity Mortgage Associates, Inc. - To relocate mortgage office from 9601 Gayton Road, Suite 100, Richmond, VA to 9603 Gayton Road, Suite 100, Richmond, VA
BAN20100660	Pacific Union Financial, LLC - To open a mortgage office at 4015 Chain Bridge Road, Fairfax, VA
BAN20100661	Excel Mortgage, Inc. - To relocate mortgage office from 50 West Edmonston Drive, Suite 405, Rockville, MD to 50 West Edmonston Drive, Suite 204, Rockville, MD
BAN20100662	Equity Loans, LLC - To open a mortgage office at 801 W. Bay Drive, Suite 350, Largo, FL
BAN20100663	Allied Home Mortgage Corporation - To open a mortgage office at 5105-G Backlick Road, Annandale, VA
BAN20100664	Aadvantage Plus Financial, Inc. d/b/a A.A.A. Aadvantage Plus Financial - To relocate mortgage office from 1901 Research Boulevard, Suite 320, Rockville, MD to 6701 Democracy Plaza, Suite 300, Bethesda, MD
BAN20100665	Consumers Real Estate Finance Co. - To relocate mortgage office from 888 E. Las Olas Boulevard, Fort Lauderdale, FL to 115 N.E. 3rd Avenue, Suite 601, Fort Lauderdale, FL
BAN20100666	Consumer Education Services, Inc. - To relocate credit counseling office from 3801 Lake Boone Trail, Suite 400, Raleigh, NC to 3700 Barrett Drive, Raleigh, NC
BAN20100667	New American Mortgage LLC - To open a mortgage office at 8600 Quioccasin Road, Suite 200, Richmond, VA
BAN20100668	Justin Enterprises Inc. d/b/a Cash to Pay - For authority for other business operator to conduct a payday lending business from the licensee's motor vehicle title lending offices
BAN20100669	Justin Enterprises Inc. d/b/a Cash to Pay - For a motor vehicle title lender's license
BAN20100670	Buckeye Title Loans of Virginia, LLC d/b/a Checksmart Consumer Loans - For a motor vehicle title lender's license
BAN20100672	Dominion First Mortgage Corporation - To relocate mortgage office from 9970 Liberia Avenue, Manassas, VA to 10061 Wellington Road, Manassas, VA
BAN20100673	CNC Financial Services, Inc. d/b/a Cash-N-A-Flash - For a motor vehicle title lender's license
BAN20100674	raman inc. d/b/a Express Food Mart, Beer Wine - To open a check casher at 9792 Center Street, Manassas, VA
BAN20100675	Atlantic Bay Mortgage Group, L.L.C. - To open a mortgage office at 5115 Bernard Drive, Suite 110, Roanoke, VA
BAN20100676	Stuart Wolpoff - To acquire 25 percent or more of All Credit Considered Mortgage, Inc.
BAN20100677	Virginia Nationstar Mortgage LLC (Used in VA by: Nationstar Mortgage LLC) d/b/a Champion Mortgage Company - To relocate mortgage office from 1235 North Union Bower, Irving, TX to 3409 Century Circle, Irving, TX
BAN20100678	Virginia Nationstar Mortgage LLC (Used in VA by: Nationstar Mortgage LLC) d/b/a Champion Mortgage Company - To open a mortgage office at 4117 Pinnacle Point, Dallas, TX
BAN20100679	Virginia Nationstar Mortgage LLC (Used in VA by: Nationstar Mortgage LLC) d/b/a Champion Mortgage Company - To open a mortgage office at 1248 Avenue R, Grand Prairie, TX
BAN20100680	Virginia Nationstar Mortgage LLC (Used in VA by: Nationstar Mortgage LLC) d/b/a Champion Mortgage Company - To open a mortgage office at 1800 Columbian Club, Carrollton, TX
BAN20100681	Capital Financial Services Inc. - To relocate mortgage office from 700 N. Wood Dale Road, Wood Dale, IL to 961 Weigel Drive, Elmhurst, IL
BAN20100682	Capital Mortgage Lending, Inc. - To relocate mortgage office from 8121 Georgia Avenue, Suite 320, Silver Spring, MD to 8121 Georgia Avenue, Suite 204, Silver Spring, MD
BAN20100683	Beach Processing, Inc. d/b/a Atlantic Mortgage - To relocate mortgage office from 1206 Laskin Road, Suite 208, Virginia Beach, VA to 1206 Laskin Road, Suite 201, Virginia Beach, VA
BAN20100684	ClearPoint Financial Solutions, Inc. d/b/a ClearPoint Credit Counseling Solutions - To relocate credit counseling office from 1511 South 12th Street, Quincy, IL to 636 Hampshire Street, Suite 204, Quincy, IL
BAN20100685	Creditcorp of Virginia, LLC d/b/a Check into Cash - For authority for other business operator to conduct business as an agent of a money transmitter from the licensee's motor vehicle title lending offices

BAN20100686	Creditcorp of Virginia, LLC d/b/a Check into Cash - For authority for other business operator to conduct a tax preparation business from the licensee's motor vehicle title lending offices
BAN20100687	Creditcorp of Virginia, LLC d/b/a Check into Cash - For authority for other business operator to conduct a bill pay provider business from the licensee's motor vehicle title lending offices
BAN20100688	Creditcorp of Virginia, LLC d/b/a Check into Cash - For a motor vehicle title lender's license
BAN20100689	NVR Mortgage Finance, Inc. - To open a mortgage office at 22455 Randolph Road, Sterling, VA
BAN20100690	Christensen Financial, Inc. - To open a mortgage office at 111 Mill Creek Parkway, Suite 200A, Chesapeake, VA
BAN20100691	Patriot First Mortgage, LLC - To relocate mortgage office from 6800 Paragon Place, Suite 475, Richmond, VA to 4413 Cox Road, Glen Allen, VA
BAN20100692	La Esquina Latina & Dollar Items, Inc. - To open a check casher at 4117 Williamson Road, Roanoke, VA
BAN20100693	Golden Money Transfer, Inc. - For a money order license
BAN20100694	Network Funding, L.P. - To relocate mortgage office from 630 Wyndhurst Drive, Suite D, Lynchburg, VA to 1553 Parkland Drive, Lynchburg, VA
BAN20100695	Primary Residential Mortgage, Inc. - To open a mortgage office at 17095 Courthouse, Eastville, VA
BAN20100696	E Mortgage Management LLC - To open a mortgage office at 2 Penn's Way, New Castle Commons, Suite 201, New Castle, DE
BAN20100697	Boone County Bank, Inc. - To merge into it Consolidated Bank and Trust Company
BAN20100698	Fulton Bank, National Association - To open a branch at 217 Hanbury Road, Chesapeake, VA
BAN20100699	University of Virginia Community Credit Union, Inc. - To relocate credit union office from 1936 Arlington Boulevard, Charlottesville, VA to 1932 Arlington Boulevard, Charlottesville, VA
BAN20100700	Safe Harbor Holdings, Inc. - To acquire 25 percent or more of EquiPoint Financial Network, Inc.
BAN20100701	Christensen Financial, Inc. - To open a mortgage office at 8891 Brighton Lane, Suite 115, Bonita Springs, FL
BAN20100702	Ikon Mortgage, Inc. - To relocate mortgage office from 4330-M Evergreen Lane, Annandale, VA to 6399 Little River Turnpike, Suite 203, Alexandria, VA
BAN20100703	Pacific Union Financial, LLC - To open a mortgage office at 17 West Pennsylvania Avenue, Towson, MD
BAN20100704	Primary Residential Mortgage, Inc. - To open a mortgage office at 303 Maple Avenue West, Suite F, Vienna, VA
BAN20100705	Primary Residential Mortgage, Inc. - To relocate mortgage office from 2105 East Center Street, Suite C, Kingsport, TN to 131 Wendover Drive,, Kingsport, TN
BAN20100706	Weststar Mortgage, Inc. - To open a mortgage office at 3575 Piedmont Road Building # 15, Suite 800, Atlanta, GA
BAN20100707	NVR Mortgage Finance, Inc. - To open a mortgage office at 2602 Deepwater Terminal Road, Richmond, VA
BAN20100708	Atlantic Bay Mortgage Group, L.L.C. - To open a mortgage office at 106 Oakville Road, Princeton, WV
BAN20100709	Atlantic Bay Mortgage Group, L.L.C. - To open a mortgage office at 3507 Cumberland Road, Bluefield, WV
BAN20100710	Gateway Funding Diversified Mortgage Services, L.P. - To open a mortgage office at 50 Scott Adam Road, Suite 212, Hunt Valley, MD
BAN20100711	CIS Financial Services, Inc. - For a mortgage lender's license
BAN20100712	Eastman Credit Union - To open a credit union service office at 127 Tempurpedic Drive, Duffield, VA
BAN20100713	Allegro Funding Corp. - To relocate mortgage office from 7700 Square Lake Boulevard, Jacksonville, FL to 309 Kingsley Lake Drive, Suites 901-902, St. Augustine, FL
BAN20100714	Equity Mortgage Group, Inc. - To relocate mortgage office from 1410 Forest Drive, Suite 26, Annapolis, MD to 12 Colts Neck Court, Edgewater, MD
BAN20100715	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 10489 Tenth Alabama Way, Bristow, VA
BAN20100716	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 2033 Beechwood Avenue, Gwynn Oak, MD
BAN20100717	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 219 Braxton Way, Edgewater, MD
BAN20100718	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 5465 Columbia Road, Suite 727, Columbia, MD
BAN20100719	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 6 Bridgeton Court, Owings Mills, MD
BAN20100720	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 706 Goucher Avenue, Lutherville, MD
BAN20100721	CareOne Services, Inc. d/b/a CareOne - To relocate credit counseling office from 3973 Penzance Place, Williamsburg, VA to 543 Knothole Lane, Charlotte, NC
BAN20100722	CareOne Services, Inc. d/b/a CareOne - To relocate credit counseling office from 621 Rapid Springs Drive, Apartment K, Corona, CA to 917 S. Joy Street, Corona, CA
BAN20100723	CareOne Services, Inc. d/b/a CareOne - To relocate credit counseling office from 12 Creek Side Court, Baltimore, MD to 910 Valencia Court, Baltimore, MD
BAN20100724	First Meridian Mortgage Corporation of Florida (Used in VA by: First Meridian Mortgage Corporation) - For additional mortgage authority
BAN20100725	NFM, Inc. d/b/a Fidelity Mortgage Corporation - To relocate mortgage office from 4833 Rugby Avenue, 4th Floor, Bethesda, MD to 8120 Woodmont Avenue, Bethesda, MD
BAN20100726	American Nationwide Mortgage Company, Inc. - To open a mortgage office at 15510 Olive, Suite 208, Chesterfield, MO
BAN20100727	Oxford Lending Group, LLC - To relocate mortgage office from 5017 Cemetery Road, Suite 100, Hilliard, OH to 5123 Norwich Street, Suite 200, Hilliard, OH
BAN20100728	John Shunnarah - To acquire 25 percent or more of First Commonwealth Mortgage Corp.
BAN20100729	CareOne Services, Inc. d/b/a CareOne - To relocate credit counseling office from 7239 Pickering Avenue, Whittier, CA to 8947 Woodward Way, Orangevale, CA
BAN20100730	GHFN Property, Inc. d/b/a Fast Stop - To open a check casher at 2502 Shenandoah Avenue, N.W., Roanoke, VA
BAN20100731	Triangle Lending Group, Inc. - For a mortgage broker's license
BAN20100732	Buckeye Title Loans of Virginia, LLC d/b/a Checksmart Consumer Loans - For authority for other business operator to conduct a check cashing business from the licensee's motor vehicle title lending offices
BAN20100733	TitleMax of Virginia, Inc. - For a motor vehicle title lender's license
BAN20100734	One Reverse Mortgage, LLC - To relocate mortgage office from 20255 Victor Parkway, Suite 300, Livonia, MI to 1054 Woodward Avenue, Detroit, MI

BAN20100735	Perry M. Hawkins t/a VIP Financial - To relocate mortgage office from 4665 Haygood Road, Suite 403, Virginia Beach, VA to 639 Shadow Brooke Drive, Chesapeake, VA
BAN20100736	Pacific Union Financial, LLC - To relocate mortgage office from 2121 N. California Boulevard, Suite 845, Walnut Creek, CA to 1990 N. California Boulevard, Suite 16, Walnut Creek, CA
BAN20100737	Garden State Consumer Credit Counseling, Inc. d/b/a NovaDebt - To open an additional credit counseling office at 1700 West Highway 36, Suite 301, Roseville, MN
BAN20100738	CareOne Services, Inc. d/b/a CareOne - To relocate credit counseling office from 14104 Bramble Court, Suite T4, Laurel, MD to 8808 Hunting Lane, Apartment T2, Laurel, MD
BAN20100739	Weststar Mortgage, Inc. - To relocate mortgage office from 3002 Brandon Avenue, S.W., Roanoke, VA to 2774 Electric Road, Suite B, Roanoke, VA
BAN20100740	NFM, Inc. d/b/a Fidelity Mortgage Corporation - To open a mortgage office at 130 North 21st Street, Suite 2, Purcellville, VA
BAN20100741	SI Mortgage Company d/b/a Sistar Mortgage Company - For additional mortgage authority
BAN20100742	New American Mortgage LLC - To open a mortgage office at 1061 Technology Park, Glen Allen, VA
BAN20100743	GreenPath, Inc. d/b/a GreenPath Debt Solutions - To open an additional credit counseling office at 1227-9 N.W. 16th Avenue, Gainesville, FL
BAN20100744	GreenPath, Inc. d/b/a GreenPath Debt Solutions - To open an additional credit counseling office at 38505 Country Club Drive, Suite 120, Farmington Hills, MI
BAN20100745	GreenPath, Inc. d/b/a GreenPath Debt Solutions - To open an additional credit counseling office at 1525 N.E. 22nd Avenue, Ocala, FL
BAN20100746	Buckeye Title Loans of Virginia, LLC d/b/a Checksmart Consumer Loans - For authority for other business operator to conduct a payday lending business from the licensee's motor vehicle title lending offices
BAN20100747	Buckeye Check Cashing of Virginia, Inc. d/b/a Check$mart - For authority for other business operator to conduct a motor vehicle title lending business from its payday lending offices
BAN20100748	First Home Mortgage Corporation - To open a mortgage office at 8401 Connecticut Avenue, Suite 650, Chevy Chase, MD
BAN20100749	Allied Title Lending LLC - For a motor vehicle title lender's license
BAN20100750	Allied Title Lending LLC - For authority for other business operator to conduct a tax preparation business from the licensee's motor vehicle title lending offices
BAN20100751	Allied Title Lending LLC - For authority for other business operator to conduct a bill pay provider business from the licensee's motor vehicle title lending offices
BAN20100752	Allied Title Lending LLC - For authority for 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
BAN20100753	Allied Title Lending LLC - For authority for other business operator to conduct an open end line of credit business from the licensee's motor vehicle title lending offices
BAN20100754	Allied Title Lending LLC - For authority for other business operator to sell prepaid phone cards from the licensee's motor vehicle title lending offices
BAN20100755	Pequeno Mexico, LLC - To open a check casher at 2645 County Drive, Petersburg, VA
BAN20100756	Cash-2-U Financial Services of Virginia, LLC d/b/a Cash-2-U Title Loans - For a motor vehicle title lender's license
BAN20100757	Cash-2-U Financial Services of Virginia, LLC d/b/a Cash-2-U Title Loans - For authority for other business operator to conduct a payday lending business from the licensee's motor vehicle title lending offices
BAN20100758	Cash-2-U Financial Services of Virginia, LLC d/b/a Cash-2-U Title Loans - For authority for other business operator to conduct business as an agent of a money transmitter from the licensee's motor vehicle title lending offices
BAN20100759	Cash-2-U Financial Services of Virginia, LLC d/b/a Cash-2-U Title Loans - For authority for other business operator to conduct a check cashing business from the licensee's motor vehicle title lending offices
BAN20100760	Approved Cash Advance Centers (Virginia), LLC d/b/a Approved Cash Advance - For authority for other business operator to conduct a debit card business from its payday lending offices
BAN20100761	Reliance Lending Inc. - For a mortgage broker's license
BAN20100762	Express Check Advance of Virginia, LLC - For a motor vehicle title lender's license
BAN20100763	Express Check Advance of Virginia, LLC - For authority for other business operator to conduct a payday lending business from the licensee's motor vehicle title lending offices
BAN20100764	Weber Financial Services, Inc. - To relocate mortgage office from 904 Sunset Drive, Suite 6A, Johnson City, TN to 206 Princeton Road, Suite 33, Johnson City, TN
BAN20100765	Maharzada Financial Inc. - To relocate mortgage office from 15825 Crabbs Branch Way, Rockville, MD to 6560 Backlick Road Suite 215B, Springfield, VA
BAN20100766	Edward D. Jones & Co., L.P. d/b/a EdwardJones - To relocate mortgage office from 120 West Grayson Street, Galax, VA to 104 Cranberry Road Suite 100B, Galax, VA
BAN20100767	NVX LLC d/b/a NVX Mortgage Group - To open a mortgage office at 7117 Ayers Meadow Lane, Springfield, VA
BAN20100768	Buckeye Title Loans of Virginia, LLC d/b/a Checksmart Consumer Loans - For authority for other business operator to conduct business as an agent of a money transmitter from the licensee's motor vehicle title lending offices
BAN20100769	F & L Marketing Enterprises LLC d/b/a Cash-2-U Payday Loans - For authority for other business operator to conduct a motor vehicle title lending business in its payday lending offices
BAN20100770	Allied Mortgage Group, Inc. d/b/a Reverse Ultra - To open a mortgage office at 44365 Premier Plaza, Suite 200, Ashburn, VA
BAN20100771	CrossCountry Mortgage, Inc. - To relocate mortgage office from 12000 Snow Road, Suite 9, Parma, OH to 6850 Miller Road, Brecksville, OH
BAN20100772	First Home Mortgage Corporation - To relocate mortgage office from 8003 Corporate Drive, Suite A, Baltimore, MD to 5355 Nottingham Drive, Suite 130, Baltimore, MD
BAN20100773	Plaza Home Mortgage, Inc. - To open a mortgage office at 7535 East Hampden Avenue, Suite 109, Denver, CO
BAN20100774	Dolex Dollar Express, Inc. - For a money order license
BAN20100775	Lexicon Lending Corporation - To open a consumer finance office
BAN20100776	RH Funding Co. - For a mortgage lender and broker license
BAN20100777	Integrity Check Cashing, LLC - To open a check casher at 800 S. Military Highway, Virginia Beach, VA
BAN20100778	Geeta Corporation d/b/a Cary Street BP Amoco - To open a check casher at 17 Hanover Road, Sandston, VA
BAN20100779	Dominion Management Services, Inc. d/b/a CashPoint - For a motor vehicle title lender's license

BAN20100780	Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage office at 4207 Germanna Highway, Suite D, Locust Grove, VA
BAN20100781	Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage office at 104 Cranberry Road, Suite 100B, Galax, VA
BAN20100782	Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage office at 1520 Huguenot Road, Suite 110, Midlothian, VA
BAN20100783	Envoy Mortgage, Ltd, LP (Used in VA by: Envoy Mortgage, Ltd) - To open a mortgage office at 2123 E. 7th Street, Charlotte, NC
BAN20100784	Envoy Mortgage, Ltd, LP (Used in VA by: Envoy Mortgage, Ltd) - To relocate mortgage office from 7009 South Staples, Suite 102 B, Corpus Christi, TX to 515 Lawrence Street, Suite 201, Corpus Christi, TX
BAN20100785	Bondcorp Realty Services Inc. - To relocate mortgage office from 1200 Quail Street, Suite 160, Newport Beach, CA to 1201 Dove Street, Suite 570, Newport Beach, CA
BAN20100786	Wipro Gallagher Solutions, Inc. - To relocate mortgage office from CDC 5, SEZ SOZHANGANALLUR, Chennai, Tamil Nadu, India 600118, NA to 475-A Old Mahabalipuram Road, Rajiv Gandhi Salai, Sholinganallur Chennai, Tamil Nadu, India 600118, NA
BAN20100787	Express Check Advance of Virginia, LLC - For authority for other business operator to conduct a budget phone service business from the licensee's motor vehicle title lending offices
BAN20100788	Express Check Advance of Virginia, LLC - For authority for other business operator to conduct business as an agent of a money transmitter from the licensee's motor vehicle title lending offices
BAN20100789	Express Check Advance of Virginia, LLC - For authority for other business operator to conduct a tax preparation business from the licensee's motor vehicle title lending offices
BAN20100790	Express Check Advance of Virginia, LLC - For authority for other business operator to conduct a motor vehicle title lending business from its payday lending offices
BAN20100791	ACAC, Inc. d/b/a Approxed Cash Advance - For authority for other business operator to conduct business as an agent of a money transmitter from the licensee's motor vehicle title lending offices
BAN20100792	ACAC, Inc. d/b/a Approxed Cash Advance - For authority for other business operator to conduct a cash advance business from the licensee's motor vehicle title lending offices
BAN20100793	ACAC, Inc. d/b/a Approxed Cash Advance - For authority for other business operator to conduct a debit card business from the licensee's motor vehicle title lending offices
BAN20100794	ACAC, Inc. d/b/a Approxed Cash Advance - For authority for other business operator to conduct a check cashing business from the licensee's motor vehicle title lending offices
BAN20100795	Center for Child & Family Services, Inc. d/b/a Consumer Credit Counseling Service of Hampton Roads - To open an additional credit counseling office at 11815 Fountain Way, One City Center, Suite 300, Newport News, VA
BAN20100796	Danny's Auto Loans, LLC - For authority for other business operator to purchase precious metals from the licensee's motor vehicle title lending offices
BAN20100797	Danny's Auto Loans, LLC - For a motor vehicle title lender's license
BAN20100798	Braz Transfers, Inc. - For a money order license
BAN20100799	Mid-Island Mortgage Corp. - To open a mortgage office at 400 West Cummings Park, Suite 5800, Woburn, MA
BAN20100800	MetAmerica Mortgage Bankers, Inc. - To open a mortgage office at 250 International Parkway, Suite 134, Heathrow, FL
BAN20100801	Gateway Mortgage Group, LLC - To relocate mortgage office from 13105 Booker T Washington Highway, Hardy, VA to 16503 Booker T Washington Highway, Moneta, VA
BAN20100802	Shahnaaz Tariq - To acquire 25 percent or more of United Mortgage Express Inc.
BAN20100803	Short Stop Food Stores, Inc. d/b/a Styles Bi-Rite - To open a check casher at 11300 Hull Street Road, Midlothian, VA
BAN20100804	A. Anderson Scott Mortgage Group, Incorporated - To relocate mortgage office from 51 Monroe Street, Suite 1901, Rockville, MD to 15245 Shady Grove Plaza, Suite 390, Rockville, MD
BAN20100805	Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage office at 1393 Carrollton Crossing Drive, Suite 102, Kernersville, NC
BAN20100806	Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage office at 145 Holt Garrison Parkway, Suite 160, Danville, VA
BAN20100807	Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage office at 25 Market Street, Onancock, VA
BAN20100808	Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage office at 303 Rio Road West, Charlottesville, VA
BAN20100809	Riverside Funding, LLC - To relocate mortgage office from 786 Cedar Run Trail, Manakin-Sabot, VA to 6912 Three Chopt Road, Suite F, Richmond, VA
BAN20100810	Allied Home Mortgage Corporation - To open a mortgage office at 1104 Charles Street, Suite B, South Boston, VA
BAN20100811	Allied Home Mortgage Corporation - To open a mortgage office at 806 N. Newtown Road, Virginia Beach, VA
BAN20100812	Allied Home Mortgage Corporation - To open a mortgage office at 3900 Westerre Parkway, Suite 300, Richmond, VA
BAN20100813	Allied Home Mortgage Corporation - To open a mortgage office at 12080 Old Line Centre, Suite 100, Waldorf, MD
BAN20100814	Allied Home Mortgage Corporation - To open a mortgage office at 3317 West Hundred Road, Chester, VA
BAN20100815	Allied Home Mortgage Corporation - To open a mortgage office at 812 Westwood Office Park, Fredericksburg, VA
BAN20100816	Allied Home Mortgage Corporation - To open a mortgage office at 2813 Pulaski Highway, Suite 202, Edgewood, MD
BAN20100817	Allied Home Mortgage Corporation - To open a mortgage office at 661 Arnett Boulevard, Suite C, Danville, VA
BAN20100818	Allied Home Mortgage Corporation - To open a mortgage office at 505 East Center Street, Kingsport, TN
BAN20100819	Allied Home Mortgage Corporation - To open a mortgage office at 105 Centennial Street, Suite J, LaPlata, MD
BAN20100820	Allied Home Mortgage Corporation - To open a mortgage office at 3012 Mitchellville Road, Suite 203, Bowie, MD
BAN20100821	Allied Home Mortgage Corporation - To open a mortgage office at 9110 Railroad Drive, Suite 210, Manassas Park, VA
BAN20100822	Dev Financial, Inc. - For a motor vehicle title lender's license
BAN20100823	Romeo Perez-Cordova d/b/a Cordova Mexican Store - To open a check casher at 16163 Lankford Highway, Nelsonia, VA
BAN20100824	Beach Title Loans, Inc. - For a motor vehicle title lender's license
BAN20100825	Loan Planet, LLC - To relocate mortgage office from 8288 Roxborough Loop, Gainesville, VA to 14915 Alpine Bay Loop, Gainesville, VA
BAN20100826	Weststar Mortgage, Inc. - To open a mortgage office at 4895 Prince William Parkway, Suite 202, Woodbridge, VA
BAN20100827	Weststar Mortgage, Inc. - To open a mortgage office at 161 Fort Evans Road, Suite 325, Leesburg, VA
BAN20100828	Weststar Mortgage, Inc. - To open a mortgage office at 8100 Oak Street, 2nd Floor, Vienna, VA

BAN20100829	Freedom Mortgage Corporation - To open a mortgage office at 4030 Wake Forest Road, Suite 300, Raleigh, NC
BAN20100830	New American Mortgage LLC - To open a mortgage office at 943 Glenwood Station Lane, Suite 200, Charlottesville, VA
BAN20100831	Mortgage Harmony Lending, LLC - To relocate mortgage office from 8133 Leesburg Pike, Suite 230, Vienna, VA to 8133 Leesburg Pike, Suite 380, Vienna, VA
BAN20100832	Sentrix Financial Services, Inc. - To relocate mortgage office from 5353 North Federal Highway, Fort Lauderdale, FL to 1400 Palm Bay, Suite C, Palm Bay, FL
BAN20100833	Bob and Atul, Inc. d/b/a Community Mini Mart - To open a check casher at 10 Pigeon Run Road, Gladys, VA
BAN20100834	Ryland Mortgage Company - To relocate mortgage office from 24025 Park Sorrento, Suite 100, Calabasas, CA to 24025 Park Sorrento, Suite 400, Calabasas, CA
BAN20100835	Madison Investment Advisors, LLC d/b/a Madison Mortgages - To relocate mortgage office from 1750 Jefferson Highway, Fishersville, VA to 12 Sunset Boulevard, Staunton, VA
BAN20100836	Cornerstone Home Lending, Inc. (Used in VA by: Cornerstone Mortgage Company) - To open a mortgage office at 3619 Paesanos Parkway, Suite 300, San Antonio, TX
BAN20100837	Summit Funding, Inc. d/b/a Greenwood Lending (Charlottesville only) - To open a mortgage office at 1287 North Seminole Trail, Madison, VA
BAN20100838	Abani LLC d/b/a Abani Crater Express - To open a check casher at 2755 South Crater Road, Petersburg, VA
BAN20100839	ClearPoint Financial Solutions, Inc. d/b/a ClearPoint Credit Counseling Solutions - To relocate credit counseling office from 1616 West Main Street, Suite 20, Marion, IL to 1616 West Main Street, Suite 503, Marion, IL
BAN20100840	ClearPoint Financial Solutions, Inc. d/b/a ClearPoint Credit Counseling Solutions - To relocate credit counseling office from 4030 Wake Forest Road, Suite 300, Raleigh, NC to 6060-B Six Forks Road, Raleigh, NC
BAN20100841	Benchmark Community Bank - To relocate office from 828 North Mecklenburg Avenue, South Hill, VA to 905 North Mecklenburg Avenue, South Hill, VA
BAN20100842	Guaranteed Rate, Inc. - To relocate mortgage office from 2021 Spring Road, Suite 450, Oak Brook, IL to 600 Hunter Drive, Suite 100, Oak Brook, IL
BAN20100843	Brooke Enterprises, Inc. d/b/a Cash Today - For authority for other business operator to conduct a motor vehicle title lending business in its payday lending offices
BAN20100844	Justin Enterprises, Inc. d/b/a Cash to Payday - For authority for other business operator to conduct a motor vehicle title lending business in its payday lending offices
BAN20100845	Christensen Financial, Inc. - To open a mortgage office at 46169 Westlake Drive, Suite 100, Potomac Falls, VA
BAN20100846	CM Title Loans, Inc. - For a motor vehicle title lender's license
BAN20100847	Mi Rincon Latino Co. - To open a check casher at 3336 Broad Rock Boulevard, Richmond, VA
BAN20100848	NFM, Inc. d/b/a Fidelity Mortgage Corporation - To open a mortgage office at 7310 Ritchie Highway, Glen Burnie, MD
BAN20100849	Money Tree, Inc. d/b/a Money Tree - To relocate mortgage office from 827 Parham Road, Suite 6, Richmond, VA to 3620 N. Courthouse Road, Providence Forge, VA
BAN20100850	Guadalupe Sanchez Ventura d/b/a Ventura Grocery - To open a check casher at 9440 Congress Street, New Market, VA
BAN20100851	Sigue Corporation - For a money order license
BAN20100852	Corridor Mortgage Group, Inc. - To open a mortgage office at 3825 Electric Road, S.W., Suite B, Roanoke, VA
BAN20100853	New American Mortgage LLC - To open a mortgage office at 500 Faulconer Drive, Charlottesville, VA
BAN20100854	New American Mortgage LLC - To open a mortgage office at 10046 Three Notch Road, Troy, VA
BAN20100855	New American Mortgage LLC - To open a mortgage office at 1020 Carrington Place, Charlottesville, VA
BAN20100856	New American Mortgage LLC - To open a mortgage office at 2271 Seminole Trail, Charlottesville, VA
BAN20100857	New American Mortgage LLC - To open a mortgage office at 17 Parkway Lane, Fishersville, VA
BAN20100858	New American Mortgage LLC - To open a mortgage office at 1318 Piper Way, Keswick, VA
BAN20100859	Auto Cash Title Loans, LLC - For a motor vehicle title lender's license
BAN20100860	Credit Advisors Foundation - To open an additional credit counseling office at 4615 S. 26th Street, Omaha, NE
BAN20100861	Embrace Home Loans, Inc. - To open a mortgage office at 1118 Waters Avenue, Aspen, CO
BAN20100862	Superior Home Mortgage Corporation (Used in VA by: Superior Mortgage Corporation) - To relocate mortgage office from 30 Campus Drive, Building CP-2, Edison, NJ to 234 Main Street, Suites 202 and 203, Woodbridge, NJ
BAN20100863	Superior Home Mortgage Corporation (Used in VA by: Superior Mortgage Corporation) - To relocate mortgage office from 111 Howard Boulevard, Suite 104A, Mt. Arlington, NJ to 111 Howard Boulevard, Suite 170B, Mt. Arlington, NJ
BAN20100864	Crescent Bank & Trust - To relocate office from 700 Independence Parkway, Suite 200, Chesapeake, VA to 510 Independence Parkway, Suite 300, Chesapeake, VA
BAN20100865	Mi Tierra Mercado Latino, Inc. - To open a check casher at 6531-F Little River Turnpike, Alexandria, VA
BAN20100866	Servicios Hispanos USA Inc. - To open a check casher at 43083 John Mosby Highway, Chantilly, VA
BAN20100867	Virginia Auto Loans, Inc. - To open a consumer finance office at 7345 Little River Turnpike, Annandale, VA
BAN20100868	Virginia Auto Loans, Inc. - For permission to conduct consumer finance business where a motor vehicle title lending business will also be conducted by a third party
BAN20100869	PHH Home Loans, LLC d/b/a Coldwell Banker Home Loans - To relocate mortgage office from 3401 Commission Court, Woodbridge, VA to 4500 Pond Way, Suite 200, Woodbridge, VA
BAN20100870	FCFI Acquisition LLC - To acquire 25 percent or more of American General Financial Services of America, Inc.
BAN20100871	FCFI Acquisition LLC - To acquire 25 percent or more of American General Financial Services, Inc.
BAN20100872	Real Estate Mortgage Network, Inc. d/b/a REMN - To open a mortgage office at 116 Defense Highway, Annapolis, MD
BAN20100873	Real Estate Mortgage Network, Inc. d/b/a REMN - To open a mortgage office at 8923 B Fingerboard Road, Frederick, MD
BAN20100874	Fairway Asset Corporation - To relocate mortgage office from 414 Hungerford Drive, Suite 104, Rockville, MD to 414 Hungerford Drive, Suite 203, Rockville, MD
BAN20100875	CPCC Services, LLC - To open a check casher at 4819 Columbia Pike, Arlington, VA
BAN20100876	Cash Max Inc. - For a motor vehicle title lender's license
BAN20100877	Title Loans of Virginia, LLC - For authority for other business operator to conduct a payday lending business from the licensee's motor vehicle title lending offices
BAN20100878	PayDay Advance, L.L.C. - For authority for other business operator to conduct a motor vehicle title lending business in its payday lending offices
BAN20100879	Title Loans of Virginia, LLC - For a motor vehicle title lender's license

BAN20100880	Temple Mortgage, L.L.C. - To relocate mortgage office from 5291 Greenwich Road, Virginia Beach, VA to 522 S. Independence Boulevard, Suite 105, Virginia Beach, VA
BAN20100881	RMC Financial, Inc. (Used in VA by: Residential Mortgage Center, Inc.) - To relocate mortgage office from 205 Regency Executive Park, Suite 200, Charlotte, NC to 207 Regency Executive Park Drive, Suite 200, Charlotte, NC
BAN20100882	Metavante Holdings, LLC - To acquire 25 percent or more of Metavante Payment Services, LLC
BAN20100883	Primerica Financial Services Home Mortgages, Inc. - To relocate mortgage office from 7686 Richmond Highway, Suite 108, Alexandria, VA to 6969 Richmond Highway, Suite 103, Alexandria, VA
BAN20100884	Prospect Mortgage, LLC d/b/a Fidelity & Trust Mortgage (at certain locations) - To open a mortgage office at 306 Garrisonville Road, Suite 101, Stafford, VA
BAN20100885	Christine F. Denson d/b/a Tina's Tax Service - To open a check casher at 4268 Richmond Road, Warsaw, VA
BAN20100886	Kar Kash of Clintwood, Inc. - For a motor vehicle title lender's license
BAN20100887	A.T. Mortgage, Inc. - To relocate mortgage office from 712 Hillcrest Drive S.W., Vienna, VA to 1960 Gallows Road, Suite 210, Vienna, VA
BAN20100888	Primary Residential Mortgage, Inc. - To open a mortgage office at 6 Montgomery Village Avenue, Suite 535, Gaithersburg, MD
BAN20100889	Mortgage Access Corp. d/b/a Weichert Financial Services - To open a mortgage office at 8 Essex Center Drive, Peabody, MA
BAN20100890	Guild Mortgage Company - To relocate mortgage office from 9160 Gramercy Drive, San Diego, CA to 5898 Copley Drive, Suites 400 and 500, San Diego, CA
BAN20100891	PHH Home Loans, LLC d/b/a Coldwell Banker Home Loans - To relocate mortgage office from 7290 McDonogh Road, Owings Mills, MD to 1130 Baltimore Boulevard, Westminster, MD
BAN20100892	Bayshore Mortgage Funding, LLC - To relocate mortgage office from 4501 Fitch Avenue, Baltimore, MD to 8601 LaSalle Road, Suite 102, Baltimore, MD
BAN20100893	ClearPoint Financial Solutions, Inc. d/b/a ClearPoint Credit Counseling Solutions - To relocate credit counseling office from 3510 A Avenue, Fort Lee, VA to 4495 Crossings Boulevard, Prince George, VA
BAN20100894	ClearPoint Financial Solutions, Inc. d/b/a ClearPoint Credit Counseling Solutions - To relocate credit counseling office from 1301 North Kings Highway, Suite A, Cape Giradeau, MO to 1707 N. Mount Auburn Road, Suite Z, Cape Girardeau, MO
BAN20100895	First Main Street Financial, Inc. (Used in VA by: Main Street Financial Inc.) - To open a mortgage office at 439-A East Main Street, Abingdon, VA
BAN20100896	Edward D. Jones & Co., L.P. d/b/a EdwardJones - To relocate mortgage office from 1412 South Church Street, Smithfield, VA to 1807 S. Church Street, Suite 200 B, Smithfield, VA
BAN20100897	Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage office at 345 East Monroe Street, Wytheville, VA
BAN20100898	Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage office at 3278 Stuarts Draft Highway, Suite 3, Waynesboro, VA
BAN20100899	Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage office at 2773 Jefferson Davis Highway, Suite 103, Stafford, VA
BAN20100900	Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage office at 15516 Westchester Commons Way, Midlothian, VA
BAN20100901	Fast Auto Loans, Inc. - To open a motor vehicle title lending office at 804 Aberdeen Road, Hampton, VA
BAN20100902	EagleBank (Used in VA by: EagleBank) - To open a branch at 1919 N. Lynn Street, Arlington County, VA
BAN20100903	Valley Team Mortgage, Inc. - To open a mortgage office at 1775 Roanoke Road, Daleville, VA
BAN20100904	Integrity Home Loan of Central Florida, Inc. - To relocate mortgage office from 1865 N. Corporate Lakes Boulevard, Suite 1, Weston, FL to 2761 Executive Park Drive, Suite 100, Weston, FL
BAN20100905	Summit Funding, Inc. d/b/a Greenwood Lending (Charlottesville only) - To open a mortgage office at 540 Lew Dewitt Boulevard, Waynesboro, VA
BAN20100906	Virginia Auto Loans, Inc. - To open a consumer finance office at 755 East Main Street, Wytheville, VA
BAN20100907	Virginia Auto Loans, Inc. - To open a consumer finance office at 605-A Piney Forest Road, Danville, VA
BAN20100908	Virginia Auto Loans, Inc. - To open a consumer finance office at 2650 Valley Avenue, Winchester, VA
BAN20100909	Oaxaca LLC - To open a check casher at 610 N. Sheppard Street, Richmond, VA
BAN20100910	Lee & Jeong Inc. d/b/a W & W Market - To open a check casher at 930 West Pembroke Avenue, Hampton, VA
BAN20100911	Alcova Mortgage LLC - To open a mortgage office at 13615 Genito Road, Suite 2-B, Midlothian, VA
BAN20100912	Fast Auto Loans, Inc. - To open a motor vehicle title lending office at 1109 E. Nine Mile Road, Highland Springs, VA
BAN20100913	Fast Auto Loans, Inc. - To open a motor vehicle title lending office at 1304 Todd's Lane, Hampton, VA
BAN20100914	Fast Auto Loans, Inc. - To open a motor vehicle title lending office at 1520 North Main Street, Suffolk, VA
BAN20100915	Fast Auto Loans, Inc. - To open a motor vehicle title lending office at 409 James Madison Highway, Culpeper, VA
BAN20100916	Fast Auto Loans, Inc. - To open a motor vehicle title lending office at 8401 West Broad Street, Henrico, VA
BAN20100917	Fast Auto Loans, Inc. - To open a motor vehicle title lending office at 336 S. Washington Street, Falls Church, VA
BAN20100918	Fast Auto Loans, Inc. - To open a motor vehicle title lending office at 4806 Nine Mile Road, Richmond, VA
BAN20100919	Dev Financial, Inc. - For authority for other business operator to conduct business as an authorized delegate or agent of a money order seller from the licensee's motor vehicle title lending offices
BAN20100920	Fast Auto Loans, Inc. - To open a motor vehicle title lending office at 1336 Kempsville Road, Virginia Beach, VA
BAN20100921	Fast Auto Loans, Inc. - To open a motor vehicle title lending office at 442 Jefferson Davis Highway, Fredericksburg, VA
BAN20100922	First Empire Mortgage Inc. - For a mortgage broker's license
BAN20100923	Gregoria Izaguirre - To open a check casher at 473 Cople Highway, Montross, VA
BAN20100924	Village Bank - To relocate office from 10374 S. Ledbetter Road, Ashland, VA to 10035 Sliding Hill Road, Ashland, VA
BAN20100925	Envoy Mortgage, Ltd, LP (Used in VA by: Envoy Mortgage, Ltd) - To open a mortgage office at 16147 Lancaster Highway, Suite 100-A, Charlotte, NC
BAN20100926	Envoy Mortgage, Ltd, LP (Used in VA by: Envoy Mortgage, Ltd) - To open a mortgage office at 310 W. Liberty Street, Suite 100A, Louisville, KY
BAN20100927	Envoy Mortgage, Ltd, LP (Used in VA by: Envoy Mortgage, Ltd) - To open a mortgage office at 145 Garrison Branch Road, Weaverville, NC
BAN20100928	Vishal Enterprises, Inc. d/b/a Toano BP - To open a check casher at 8554 Richmond Road, Toano, VA
BAN20100929	Fast Auto Loans, Inc. - To open a motor vehicle title lending office at 17191 Virgil H. Goode Highway, Rocky Mount, VA
BAN20100930	Fast Auto Loans, Inc. - To open a motor vehicle title lending office at 3540 Plank Road, Fredericksburg, VA

BAN20100931	Bi-Coastal Mortgage, Inc. - For additional mortgage authority
BAN20100932	Equity Loans, LLC - To relocate mortgage office from 1140 Hammond Drive, Suite I-9150, Atlanta, GA to 1150 Hammond Drive, Building E, Suite 650, Atlanta, GA
BAN20100933	Equity Resources of Ohio Inc. (Used in VA by: Equity Resources, Inc.) - To open a mortgage office at 4821 St. Leonard Road, Suite 101B, St. Leonard, MD
BAN20100934	Ryland Mortgage Company - To relocate mortgage office from 4100 Monument Corner Drive, Fairfax, VA to 14280 Park Meadow Drive, Suite 108, Chantilly, VA
BAN20100935	Exeter Trust Company - To relocate independent trust company branch office from Willow Oaks Executive Suites, Richmond, VA to Business Suites West End, 3900 Westerre Parkway, Suite 300, Richmond, VA
BAN20100936	First Home Mortgage Corporation - To open a mortgage office at 1602 Village Market Boulevard, S.E., Leesburg, VA
BAN20100937	GMAC Mortgage, LLC d/b/a Ditech - To open a mortgage office at 7301 Rivers Avenue, Suite 230, Charleston, SC
BAN20100938	John Marshall Bank - To open a branch at 1943 Isaac Newton Square, Reston, VA
BAN20100939	Primary Residential Mortgage, Inc. - To open a mortgage office at 300 Reisterstown Road, Baltimore, MD
BAN20100940	Virginia Credit Union, Inc. - To open a credit union service office at 5285 South Laburnum Avenue, Richmond, VA
BAN20100941	Primary Residential Mortgage, Inc. - To open a mortgage office at 11615 1/2 Coastal Highway, Ocean City, MD
BAN20100942	Fast Break Convenience Stores, Inc. - To open a check casher at 1600 West Broad Street, Richmond, VA
BAN20100943	loanDepot.com, LLC - To open a mortgage office at 10801 Sixth Street, Suite 210, Rancho Cucamonga, CA
BAN20100944	Hartford Financial Group, LLC - To relocate mortgage office from 525 Metro Place, North, Suite 200, Dublin, OH to 450 West Wilson Bridge Road, Suite 150, Worthington, OH
BAN20100945	Nations Mortgage and Loan Association - To relocate industrial loan office from 615 Lynnhaven Parkway, Virginia Beach, VA to 604 Terrace Avenue, Virginia Beach, VA
BAN20100946	DMVCenter Electronics LLC - To open a check casher at 46950 Community Plaza, Suite 113, Sterling, VA
BAN20100947	Fairway Independent Mortgage Corporation - To relocate mortgage office from 5850 Town and Country Boulevard, Frisco, TX to 6652 Pinecrest Drive, Suite 200, Plano, TX
BAN20100948	Gateway Funding Diversified Mortgage Services, L.P. - To open a mortgage office at 379 Thornall Street, Edison, NJ
BAN20100949	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To relocate credit counseling office from 100 Edgewood Avenue, Suite 1800, Atlanta, GA to 270 Peachtree Street N.W., Suite 1800, Atlanta, GA
BAN20100950	RANA Financial, L.L.C. - For a money order license
BAN20100951	ACE Virginia Title Loans LLC - For authority for other business operator to conduct a tax preparation business from the licensee's motor vehicle title lending offices
BAN20100952	ACE Virginia Title Loans LLC - For authority for other business operator to arrange and dispose of bank deposits from the licensee's motor vehicle title lending offices
BAN20100953	ACE Virginia Title Loans LLC - For authority for other business operator to conduct an automated teller machine business from the licensee's motor vehicle title lending offices
BAN20100954	ACE Virginia Title Loans LLC - For authority for other business operator to conduct a refund anticipation loan business from the licensee's motor vehicle title lending offices
BAN20100955	Ace Virginia Title Loans LLC - For authority for other business operator to conduct a payday lending business from the licensee's motor vehicle title lending offices
BAN20100956	ACE Virginia Title Loans LLC - For a motor vehicle title lender's license
BAN20100957	Peoples Home Equity, Inc. d/b/a United Capital Lending - To open a mortgage office at 4965 U.S. Highway 42, Suite 1000, Louisville, KY
BAN20100958	Dominion Capital Mortgage Inc. - For additional mortgage authority
BAN20100959	Christensen Financial, Inc. - For additional mortgage authority
BAN20100960	KESA Mortgage Group LLC - To relocate mortgage office from 100 N. Washington Street, Suite 231, Falls Church, VA to 50 S. Picket Street, Suite 226, Alexandria, VA
BAN20100961	GOTeHomeLoans, Inc. - To relocate mortgage office from 5 Great Valley Parkway, Suite 210, Malvern, PA to 206 W. State Street, Suite 200, Media, PA
BAN20100962	Margarita's Grocery, Inc. - To open a check casher at 8512 Richmond Highway, Alexandria, VA
BAN20100963	Anderson Financial Services, LLC LoanMax (Used in VA by: Anderson Financial Services, LLC) d/b/a LoanMax - To open a motor vehicle title lender office at 3173 Lee Highway, Bristol, VA
BAN20100964	Anderson Financial Services, LLC LoanMax (Used in VA by: Anderson Financial Services, LLC) d/b/a LoanMax - To open a motor vehicle title lender office at 1135 Richmond Avenue, Staunton, VA
BAN20100965	Anderson Financial Services, LLC LoanMax (Used in VA by: Anderson Financial Services, LLC) d/b/a LoanMax - To open a motor vehicle title lender office at 447 Denbigh Boulevard, Newport News, VA
BAN20100966	Anderson Financial Services, LLC LoanMax (Used in VA by: Anderson Financial Services, LLC) d/b/a LoanMax - To open a motor vehicle title lender office at 1224 W. Broad Street, Waynesboro, VA
BAN20100967	Anderson Financial Services, LLC LoanMax (Used in VA by: Anderson Financial Services, LLC) d/b/a LoanMax - To open a motor vehicle title lender office at 1816 Peery Drive, Farmville, VA
BAN20100968	Kipling Financial Services, LLC d/b/a MoneyMax Title Loans - To open a motor vehicle title lender office at 2200 Valley Avenue, Winchester, VA
BAN20100969	Topaz Mortgage Corporation d/b/a Topaz Mortgage - To relocate mortgage office from 10 Sudbrook Lane, Suite 103A, Pikesville, MD to 37 Maryland Avenue, Suite 205, Rockville, MD
BAN20100970	1st Maryland Mortgage Corporation d/b/a Great Oak Lending Partners - For additional mortgage authority
BAN20100971	Atlantic Home Loans, Inc. - To open a mortgage office at 910 Walker Road, Suite B, Dover, DE
BAN20100972	Monarch Bank - To open a branch at 4629 N. Croatan Highway, Kitty Hawk, NC
BAN20100973	Firenzo Real Estate Group Inc. - For a mortgage broker's license
BAN20100974	ECA Financial of Virginia, LLC - To open a check casher at 1106 West Mercury Boulevard, Hampton, VA
BAN20100975	American Heritage Capital, L.P. - For additional mortgage authority
BAN20100976	Virginia Mortgage Bankers, LLC - To relocate mortgage office from 2567 Homeview Drive, Suite 101, Richmond, VA to 4900 Dominion Boulevard, Suite A-2, Glen Allen, VA
BAN20100977	Maryland Residential Lending, L.L.C. d/b/a Nationwide Mortgage Services - To relocate mortgage office from 4 Research Place, Suite 140, Rockville, MD to 1355 Piccard Drive, Suite 120, Rockville, MD

BAN20100978	FCFI Acquisition LLC - To acquire 25 percent or more of MorEquity, Inc.
BAN20100979	United Southwest Mortgage Corporation, Inc. - For a mortgage broker's license
BAN20100980	Car Title Loans, Inc. - For a motor vehicle title lender's license
BAN20100981	Fast Auto Loans, Inc. - To relocate motor vehicle title lender office from 3802 Mt. Vernon Avenue, Alexandria, VA to 3500 Mount Vernon Avenue, Alexandria, VA
BAN20100982	Dragas Mortgage Company - To relocate mortgage office from 4532 Bonney Road, Suite C, Virginia Beach, VA to 4538 Bonney Road, Suite B, Virginia Beach, VA
BAN20100983	NFM, Inc. d/b/a Fidelity Mortgage Corporation - To relocate mortgage office from 413 Main Street, Reisterstown, MD to 10921 York Road, Hunt Valley, MD
BAN20100984	Aspen Home Mortgage Group, Inc. - To relocate mortgage office from 19844 Meredith Drive, Derwood, MD to 15245 Shady Grove Road, Suite 390, Rockville, MD
BAN20100985	Network Capital Funding Corporation - To relocate mortgage office from 2040 Main Street, Suite 420, Irvine, CA to 5 Park Plaza, Suite 800, Irvine, CA
BAN20100986	Virginia Auto Loans, Inc. - To relocate consumer finance office from 3802 Mt. Vernon Avenue, Alexandria, VA to 3500 Mount Vernon Avenue, Alexandria, VA
BAN20100987	La Botica Hispana, LLC - To open a check casher at 7552 Virginian Drive, Norfolk, VA
BAN20100988	Pan A Truck Stop, Inc. d/b/a Pan A Truck Stop - To open a check casher at 43673 John Mosby Highway, Chantilly, VA
BAN20100989	Golden Star Inc. d/b/a In & Out Market - To open a check casher at 22034 Shaw Road, Sterling, VA
BAN20100990	GreenPath, Inc. d/b/a GreenPath Debt Solutions - To open an additional credit counseling office at 3250 Westchester Avenue, Suite 111, Bronx, NY
BAN20100991	GreenPath, Inc. d/b/a GreenPath Debt Solutions - To open an additional credit counseling office at 1300 Veterans Memorial Highway, Suite 330, Hauppauge, NY
BAN20100992	GreenPath, Inc. d/b/a GreenPath Debt Solutions - To open an additional credit counseling office at 401 W. Baseline, Suite 206, Tempe, AZ
BAN20100993	GreenPath, Inc. d/b/a GreenPath Debt Solutions - To open an additional credit counseling office at 120 Broadway, Suite 935, New York, NY
BAN20100994	GreenPath, Inc. d/b/a GreenPath Debt Solutions - To open an additional credit counseling office at 175 Remsen Street, Suite 1102, Brooklyn, NY
BAN20100995	GreenPath, Inc. d/b/a GreenPath Debt Solutions - To open an additional credit counseling office at 380 N. Broadway, Suite 304, Jericho, NY
BAN20100996	GreenPath, Inc. d/b/a GreenPath Debt Solutions - To open an additional credit counseling office at 80-02 Kew Gardens Road, Suite 710, Kew Gardens, NY
BAN20100997	GreenPath, Inc. d/b/a GreenPath Debt Solutions - To open an additional credit counseling office at One Penn Plaza, 250 West 34th Street, Suite 2108, New York, NY
BAN20100998	Royal United Mortgage LLC - To open a mortgage office at 1300 E. Woodfield Road, Suite 215, Schaumburg, IL
BAN20100999	Primary Residential Mortgage, Inc. - To relocate mortgage office from 1185 W. Utah Avenue, Suite 107, Hildale, UT to 1185 W. Utah Avenue, Suite 202, Hildale, UT
BAN20101000	Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage office at 41 Summers Way, Suite 102, Roanoke, VA
BAN20101001	Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage office at 1866 Virginia Avenue, Martinsville, VA
BAN20101002	Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage office at 106 Rowe Road, Suite 104, Staunton, VA
BAN20101003	Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage office at 13860 Booker T. Washington Highway, Suite 102, Moneta, VA
BAN20101004	Jerry R. Kensinger, Jr. - To acquire 25 percent or more of MPI Mortgage Services, Inc.
BAN20101005	Hampton Roads Postal Credit Union, Inc. - To relocate credit union office from 4013 W. Mercury Boulevard, Hampton, VA to 1168 Big Bethel Road, Hampton, VA
BAN20101006	Real Estate Mortgage Network, Inc. d/b/a REMN - To open a mortgage office at 450 Park Avenue, New York, NY
BAN20101007	EagleBank, Inc. (Used in VA by: EagleBank) - To open a branch at 4420 N. Fairfax Drive, Arlington County, VA
BAN20101008	CJ's Investments LC - To open a check casher at 4122 Meadowdale Boulevard, Richmond, VA
BAN20101009	Marcacri Investment Inc. d/b/a Qualify Mortgage - To relocate mortgage office from 20 Pidgeon Hill Drive, Suite 203, Sterling, VA to 1568 Spring Hill Road, Suite 305, McLean, VA
BAN20101010	Loudoun Credit Union - To relocate credit union office from 112-A South Street, S.E., Leesburg, VA to 803 Sycolin Road, Suite 105, Leesburg, VA
BAN20101011	First Street Investments, L.L.C. - For a mortgage broker's license
BAN20101012	Newport News Shipbuilding Employees' Credit Union, Inc. d/b/a Bayport Credit Union - To merge into it Home Town Community Credit Union, Smithfield, VA
BAN20101013	Towne Bank - To open a branch at 5200 Providence Road, Virginia Beach, VA
BAN20101014	New American Mortgage LLC - To open a mortgage office at 841 Seahawk Circle, Virginia Beach, VA
BAN20101015	CareOne Services, Inc. d/b/a CareOne - To relocate credit counseling office from 323 Rutledge Road, Mount Holly, NC to 980 Oleander Drive, S.E., Winter Haven, FL
BAN20101016	CareOne Services, Inc. d/b/a CareOne - To relocate credit counseling office from 4 Ayrshire Street, Bear, DE to 307 Swarthmore Avenue, Gettysburg, MD
BAN20101017	CareOne Services, Inc. d/b/a CareOne - To relocate credit counseling office from 5465 Columbia Road, Suite 727, Columbia, MD to 7220 Brook Falls Terrace, Baltimore, MD
BAN20101018	CareOne Services, Inc. d/b/a CareOne - To relocate credit counseling office from 4730 S.W. Luradel Street, Suite 5, Portland, OR to 20628 N.W. Sedona Lane, Beaverton, OR
BAN20101019	CareOne Services, Inc. d/b/a CareOne - To relocate credit counseling office from 2202 Ruskin Avenue, Baltimore, MD to 14 Lynnbrook Court, Easton, MD
BAN20101020	CareOne Services, Inc. d/b/a CareOne - To relocate credit counseling office from 807 Casual Court, Glen Burnie, MD to 1227 Guildford Road, Glen Burnie, MD
BAN20101021	CareOne Services, Inc. d/b/a CareOne - To relocate credit counseling office from 9401 White Cedar Drive, Apt. 406, Owings Mills, MD to 417 South Hills Street, Apt. 313, Los Angeles, CA

BAN20101022	CareOne Services, Inc. d/b/a CareOne - To relocate credit counseling office from 342 Robinson Drive, Tustin, CA to 2760 Kelvin Avenue, Suite 3106, Irvine, CA
BAN20101023	CareOne Services, Inc. d/b/a CareOne - To relocate credit counseling office from 20518 Shadyside Way, Germantown, MD to 40 Beach Plum Drive, Millville, DE
BAN20101024	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 3325 Sargeant Drive, Charlotte, NC
BAN20101025	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 10934 Tradition View Drive, Charlotte, NC
BAN20101026	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 3026 Summerfield Ridge Lane, Matthews, NC
BAN20101027	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 2003 Cedar Barn Way, Windsor Mill, MD
BAN20101028	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 944 W. Princeton Street, Ontario, CA
BAN20101029	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 22397 Quiet Bay Drive, Corona, CA
BAN20101030	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 1113 Woodwinds Drive, Waxhaw, NC
BAN20101031	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 3147 Elmora Avenue, Baltimore, MD
BAN20101032	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 4107 Buckingham Drive, Indian Land, SC
BAN20101033	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 14411 San Paole Lane, Suite 105, Charlotte, NC
BAN20101034	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 303 Kristen Lane, Hudson, NC
BAN20101035	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 481 17th Avenue, N.E., Hickory, NC
BAN20101036	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 1942 Woodstream Road, Harrisburg, NC
BAN20101037	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 895 Windy Falls Drive, Huntersville, NC
BAN20101038	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 4057 Catawba Creek Drive, Gastonia, NC
BAN20101039	RoundPoint Mortgage Company - To open a mortgage office at 375 N. Stephanie Street, Suite 1011, Henderson, NV
BAN20101040	Bank of McKenney - To open a branch at 13117 River's Bend Boulevard, Chester, VA
BAN20101041	Alcova Mortgage LLC - To open a mortgage office at 1020 East Stuart Drive, Galax, VA
BAN20101042	Alcova Mortgage LLC - To open a mortgage office at 14660 Rothgeb Drive, Unit 101, Rockville, MD
BAN20101043	Nimi's Mart, Inc. - To open a check casher at 16392 Richmond Turnpike, Bowling Green, VA
BAN20101044	Anderson Financial Services, LLC LoanMax - For permission to conduct consumer finance business where a motor vehicle title lending business will also be conducted by a third party
BAN20101045	Anderson Financial Services, LLC LoanMax - To open a consumer finance office
BAN20101046	JMAC Lending, Inc. - To relocate mortgage office from 17011 Beach Boulevard, Suite 638, Huntington Beach, CA to 16782 Von Karman Avenue, Suite 12, Irvine, CA
BAN20101047	PHH Mortgage Corporation d/b/a Instamortgage.com - To open a mortgage office at 300 Highland Drive, Westampton, NJ
BAN20101048	Misa, Inc. - To open a check casher
BAN20101049	QuickClick Loans of Virginia, LLC - To open a consumer finance office
BAN20101050	Matthew Gladieux - To acquire 25 percent or more of First Commonwealth Mortgage Corp.
BAN20101051	Cornerstone First Financial, LLC - To relocate mortgage office from 2233 Wisconsin Ave., N.W., Suite 408, Washington, DC to 2300 Wisconsin Ave., N.W., Suite 400 B, Washington, DC
BAN20101052	Summit Mortgage Corporation d/b/a Summit Home Mortgage Inc. - To open a mortgage office at 8217 Ridge Cliff Drive, Charlotte, NC
BAN20101053	Summit Mortgage Corporation d/b/a Summit Home Mortgage Inc. - To open a mortgage office at 343 Neff Avenue, Suite C, Harrisonburg, VA
BAN20101054	Summit Mortgage Corporation d/b/a Summit Home Mortgage Inc. - To open a mortgage office at 919 Mercury Circle, Littleton, CO
BAN20101055	Absolute Title Loans, LLC - For a motor vehicle title lender's license
BAN20101056	Paramount Lending, Inc. - To open a mortgage office at 3932 Jewell Street N301, San Diego, CA
BAN20101057	ABI Mortgage, Inc. - To relocate mortgage office from 1901 N. Roselle Road, Suite 320, Schaumburg, IL to 1707 N. Randall Road, Suite 155, Elgin, IL
BAN20101058	Millennium Financial Group, Inc. d/b/a Mlend - To relocate mortgage office from 6776 Burkittsville Road, Middletown, MD to 1302 Cronson Boulevard, Suite A, Crofton, MD
BAN20101059	PHH Home Loans, LLC d/b/a Coldwell Banker Home Loans - To open a mortgage office at 300 Highland Drive, Westampton, NJ
BAN20101060	Flagship Mortgage Corporation - For additional mortgage authority
BAN20101061	Benchmark Mortgage Inc. - To open a mortgage office at 10148 West Broad Street, Suite 200, Glen Allen, VA
BAN20101062	Danny Thompson - For a mortgage broker's license
BAN20101063	Wonder Mortgagae, Inc. - For a mortgage broker's license
BAN20101064	Sigue Corporation - To acquire 25 percent or more of Coinstar E-Payment Services Inc.
BAN20101065	Cheque Cashing, Inc. d/b/a America's Cash Express - For authority for other business operator to conduct a motor vehicle title lending business from its payday lending offices
BAN20101066	Cheque Cashing, Inc. d/b/a America's Cash Express - For authority for other business operator to conduct a payday lending business from its motor vehicle title lending offices
BAN20101067	Cheque Cashing, Inc. d/b/a America's Cash Express - For authority for other business operator to conduct a money transmission business from its motor vehicle title lending offices
BAN20101068	CareOne Services, Inc. d/b/a CareOne - To relocate credit counseling office from 1405 N.E. 86th, Vancouver, WA to 15704 N.E. 93rd Street, Vancouver, WA
BAN20101069	James Barker - To acquire 25 percent or more of First Commonwealth Mortgage Corp.

BAN20101070	CareOne Services, Inc. d/b/a CareOne - To relocate credit counseling office from 2011 Alban Lane, Bowie, MD to 1465 Reynolds Street, Baltimore, MD
BAN20101071	Home Servicing, LLC - For a mortgage broker's license
BAN20101072	Allecon Mortgage, LP - To acquire 25 percent or more of RMC Vanguard Mortgage Corporation
BAN20101073	Primerica Financial Services Home Mortgages, Inc. - To relocate mortgage office from 5568 General Washington Dr., Suite A-211, Alexandria, VA to 6601 Little River Turnpike, Suite 420 B, Alexandria, VA
BAN20101074	Union First Market Bank - To open a branch at 1044 Warrenton Road, Stafford, VA
BAN20101075	Dominion Pawn, Inc. - To open a check casher at 10450 Dumfries Road, Manassas, VA
BAN20101076	Liberty United Mortgage, LLC - For additional mortgage authority
BAN20101077	Prime Mortgage Resources, Inc. - To relocate mortgage office from One Columbus Center, Suite 930, Virginia Beach, VA to One Columbus Center, Suite 600, Virginia Beach, VA
BAN20101078	Bank of Georgetown - To open a branch at 1850 Towers Crescent Drive, Vienna, VA
BAN20101079	Hamilton Group Funding, Inc. - For a mortgage lender and broker license
BAN20101080	New American Mortgage LLC - To open a mortgage office at 1020 Carrington Place, Charlottesville, VA
BAN20101081	TitleMax of Virginia, Inc. - To open a motor vehicle title lender office at 504-B South Van Dorn Street, Alexandria, VA
BAN20101082	TitleMax of Virginia, Inc. - To open a motor vehicle title lender office at 7913 Sudley Road, Suite 105, Manassas, VA
BAN20101083	TitleMax of Virginia, Inc. - To open a motor vehicle title lender office at 4711 West Broad Street, Richmond, VA
BAN20101084	TitleMax of Virginia, Inc. - To open a motor vehicle title lender office at 20 East Belt Boulevard, Richmond, VA
BAN20101085	TitleMax of Virginia, Inc. - To open a motor vehicle title lender office at 1356-B S. Military Highway, Chesapeake, VA
BAN20101086	Danny's Auto Loans, LLC - To relocate motor vehicle title lender office from 1575 Roanoke Street, Christiansburg, VA to 1595 B Roanoke Street, Christiansburg, VA
BFI-2009-00090	1st Nationwide Mortgage Corporation - Alleged violation of VA Code § 6.1-418
BFI-2009-00105	Alpha Mortgage Corporation - Alleged violation of VA Code § 6.1-418
BFI-2009-00136	ChoiceOne Mortgage Services, Incorporated - Alleged violation of VA Code § 6.1-418
BFI-2009-00141	CrossCountry Mortgage, Inc. - Alleged violation of VA Code § 6.1-418
BFI-2009-00176	Hanover Mortgage Consultants, Inc. - Alleged violation of VA Code § 6.1-418
BFI-2009-00178	Himalaya Mortgage & Investments, Inc. - Alleged violation of VA Code § 6.1-418
BFI-2009-00187	Innovative Lending Solutions, LLC - Alleged violation of VA Code § 6.1-418
BFI-2009-00189	JMAC Lending, Inc. - Alleged violation of VA Code § 6.1-418
BFI-2009-00192	Jones Finance and Real Estate Investments, Inc. d/b/a JFREI Mortgage - Alleged violation of VA Code § 6.1-418
BFI-2009-00237	Quik Fund, Inc. - Alleged violation of VA Code § 6.1-418
BFI-2009-00265	US Mortgage Network, L.P. (Used in VA by: US Mortgage Network) - Alleged violation of VA Code § 6.1-418
BFI-2009-00280	C M A Financial Services LLC d/b/a C M A Check Cashing and Pay Day Advance Loan - Alleged violation of VA Code § 6.1-454
BFI-2009-00308	Buckeye Check Cashing of Virginia, Inc. d/b/a Check$mart - Alleged violation of VA Code §§ 6.1-459 (1), *et al.*
BFI-2009-00371	Allied Home Mortgage Capital Corporation - Alleged violation of VA Code §§ 6.1-2.9:5, 6.1-330.70, et al
BFI-2009-00372	American Advisors Group, Inc. (Used in VA by: American Advisors Group) - Alleged violation of 10 VAC 5-160-60
BFI-2009-00376	American Home Loan, Inc. d/b/a Allymac Mortgage Services - Alleged violation of VA Code §§ 6.1-2.9:5, 6.1-416, 6.1-423.1, 6.1-424 and 10 VAC 5-160-60
BFI-2009-00389	Z. Vanessa Giacoman - Alleged violation of VA Code § 6.1-416.1
BFI-2009-00394	Loudoun Mortgage, LLC - Alleged violation of VA Code § 6.1-413
BFI-2009-00395	Waterfall Victoria GMFS, LLC - Alleged violation of VA Code § 6.1-416.1
BFI-2009-00396	Waterfall Victoria Master Fund, Ltd. - Alleged violation of VA Code § 6.1-416.1
BFI-2009-00397	Community Mortgage Services Corporation - Alleged violation of 10 VAC 5-160-50 and VA Code §§ 6.1-420 and 6.1-425 A 5
BFI-2009-00400	Central Mortgage Solutions LLC - Alleged violation of VA Code § 6.1-413
BFI-2009-00401	Provident Capital Mortgage, Inc. - Alleged violation of VA Code § 6.1-413
BFI-2009-00402	Sunny View Mortgage Group, L.L.C. - Alleged violation of VA Code § 6.1-413
BFI-2009-00405	First Guaranty Commercial Mortgage Corp. - Alleged violation of VA Code § 6.1-413
BFI-2009-00409	Michael O. Crawford d/b/a Michael O. Crawford Financial Resources - Alleged violation of VA Code § 6.1-413
BFI-2009-00411	Genesis Properties, LLC - Alleged violation of VA Code § 6.1-413
BFI-2009-00412	VIP Mortgage, Inc. - Alleged violation of 10 VAC 5-160-50
BFI-2009-00413	Green Leaf Mortgage Corp. - Alleged violation of 10 VAC 5-160-50
BFI-2009-00414	Pacific Reverse Mortgage, Inc. d/b/a Financial Heritage - Alleged violation of VA Code § 6.1-416 C and 10 VAC 5-160-50
BFI-2010-00001	Transworld Connection Ltd. d/b/a Saratoga Mutual - Alleged violation of VA Code § 6.1-413
BFI-2010-00002	Dexter Stancil d/b/a Destiny Financial Services - Alleged violation of VA Code § 6.1-413
BFI-2010-00003	Abacus Mortgage Corporation - Alleged violation of VA Code § 6.1-413
BFI-2010-00004	Capital & Trust Mortgage, LLC - Alleged violation of VA Code § 6.1-413
BFI-2010-00005	Clark Financial Services Inc. - Alleged violation of VA Code § 6.1-413
BFI-2010-00006	Coldwater Canyon Capital, LLC - Alleged violation of VA Code § 6.1-413
BFI-2010-00009	Loan Express, Inc. - Alleged violation of VA Code § 6.1-413
BFI-2010-00013	CashNet, Inc. d/b/a Cash Advance Centers - Alleged violation of VA Code §§ 6.1-451 C, *et al.*
BFI-2010-00014	American Affordable Homes, Inc. - Alleged violations of Chapter 16 of Title 6.1 of the Code of Virginia and Chapter 160 of Title 10 of the Virginia Administrative Code
BFI-2010-00015	Mortgage Source LLC - Alleged violation of VA Code §§ 6.1-2.9:5, 6.1-422, 10 VAC 5-160-30, 10 VAC 5-160-50, 10 VAC 5-160-60, and 12 C.F.R. § 226.18
BFI-2010-00017	Lifetime Financial Partners, Inc. - Alleged violation of VA Code § 6.1-413
BFI-2010-00019	Nationwide Mortgage Concepts, LLC - Alleged violation of 10 VAC 5-160-60
BFI-2010-00021	A M C Funding Corporation d/b/a Atrium Financial Group - Alleged violation of VA Code §§ 6.1-406, 6.2-1609, *et al.*
BFI-2010-00023	First Rate Capital Corp. - Alleged violation of VA Code § 6.1-413
BFI-2010-00024	JSI Mortgage, LLC - Alleged violation of VA Code § 6.1-413
BFI-2010-00029	Savings First Mortgage, LLC d/b/a Savings 1st. Mortgage - Alleged violation of 10 VAC 5-160-50 and VA Code § 6.1-416 C

BFI-2010-00033	CitiFinancial Services, Inc., CitiFinancial, Inc. and CitiFinancial of Virginia, Inc. - Alleged violation of VA Code § 6.1-409 *et seq.*
BFI-2010-00034	EquiPoint Financial Network, Inc. - Alleged violation of VA Code § 6.1-416 B
BFI-2010-00035	Bancomer Transfer Services, Inc. - Alleged violation of VA Code § 6.1-371
BFI-2010-00036	Maryland Mutual Mortgage, LLC - Alleged violation of VA Code § 6.1-424 (1) and 10 VAC 5-160-60
BFI-2010-00039	Quik Fund, Inc. - Alleged violation of VA Code § 6.1-413
BFI-2010-00040	New Wave Lending Corp. - Alleged violation of VA Code § 6.1-413
BFI-2010-00058	American Home Mortgage Lenders, Inc. d/b/a Veterans Mortgage - Alleged violation of VA Code § 6.1-418
BFI-2010-00062	Anthony Forde d/b/a Atlantic & Pacific Mortgage Services - Alleged violation of VA Code § 6.1-418
BFI-2010-00064	Atlantic Mortgage Loans, Inc. - Alleged violation of VA Code § 6.1-418
BFI-2010-00068	Alexander S. Ramsay, III d/b/a RamsCourt Mortgage - Alleged violation of VA Code § 6.1-413
BFI-2010-00071	Capital Lending Service, Incorporated - Alleged violation of VA Code § 6.1-418
BFI-2010-00072	Chesapeake Lending Corporation - Alleged violation of VA Code § 6.1-418
BFI-2010-00078	Day-1 Mortgage Company, L.L.C. - Alleged violation of VA Code § 6.1-418
BFI-2010-00082	Eagle Loans, Inc. - Alleged violation of VA Code § 6.1-418
BFI-2010-00085	Evergreen Lending LLC - Alleged violation of VA Code § 6.1-418
BFI-2010-00089	Fidelity Mortgage Direct Corp. - Alleged violation of VA Code § 6.1-418
BFI-2010-00090	Financial Resources Mortgage, Inc. - Alleged violation of VA Code § 6.1-418
BFI-2010-00094	Freestate Mortgage Services, Inc. - Alleged violation of VA Code § 6.1-418
BFI-2010-00100	Home Mortgage Corporation - Alleged violation of VA Code § 6.1-418
BFI-2010-00101	Hybrid Mortgage, Inc. - Alleged violation of VA Code § 6.1-418
BFI-2010-00106	Jim Yun, Inc. d/b/a Prime Funding - Alleged violation of VA Code § 6.1-418
BFI-2010-00108	Keystone Funding Group LLC - Alleged violation of VA Code § 6.1-418
BFI-2010-00110	Link Mortgage, LLC - Alleged violation of VA Code § 6.1-418
BFI-2010-00111	Meridian Mortgage LLC - Alleged violation of VA Code § 6.1-418
BFI-2010-00115	New Life Mortgage, Inc. - Alleged violation of VA Code § 6.1-418
BFI-2010-00124	Saratoga Capital Finance LLC - Alleged violation of VA Code § 6.1-418
BFI-2010-00127	The Financial Web, Inc. - Alleged violation of VA Code § 6.1-418
BFI-2010-00129	TMC Lending, Inc. - Alleged violation of VA Code § 6.1-418
BFI-2010-00133	USMAC Corp. (Used in VA by: Citywide Mortgage Corporation) - Alleged violation of VA Code § 6.1-418
BFI-2010-00134	Veterans Home Mortgage, Inc. - Alleged violation of VA Code § 6.1-418
BFI-2010-00137	Virginia Financial Consultants, Inc. - Alleged violation of VA Code § 6.1-418
BFI-2010-00144	In re: annual assessment of licensed money order sellers and money transmitters
BFI-2010-00152	United Capital Lenders LLC - Alleged violation of VA Code § 6.2-1614 (formerly 6.1-424 (1)) and 10 VAC 5-160-60
BFI-2009-00260	Trojan Home Loans, Inc. - Alleged violation of VA Code § 6.1-418
BFI-2010-00155	Premier Processing Solutions, Inc. - Alleged violation of VA Code § 6.1-413
BFI-2010-00157	David A. Eckstein - Alleged violation of VA Code § 6.1-416.1
BFI-2010-00161	Adam Kessler - Alleged violation of VA Code § 6.1-416.1
BFI-2010-00162	Standard Capital Corp - Alleged violation of VA Code § 6.1-413
BFI-2010-00163	American Prosperity Mortgage, LLC d/b/a Affordable Finance and Loan Modifications LLC - Alleged violation of VA Code § 6.1-413
BFI-2010-00165	In re: motor vehicle title lending regulations
BFI-2010-00166	Matrix International Holdings, Inc. - Alleged violation of VA Code § 6.1-373
BFI-2010-00168	NorthPoint Financial, Inc. d/b/a NorthPoint Mortgage - Alleged violation of VA Code § 6.1-413
BFI-2010-00171	William David Timberlake - Alleged violation of VA Code § 6.1-425.1
BFI-2010-00176	Jones Finance and Real Estate Investments, Inc. d/b/a JFREI Mortgage - Alleged violation of VA Code § 6.1-420
BFI-2010-00179	First Equitable Mortgage Corp. - Alleged violation of VA Code § 6.1-420
BFI-2010-00180	Security First Funding Corporation - Alleged violation of VA Code § 6.1-420
BFI-2010-00181	Paragon Mortgage & Financial Services Corp. - Alleged violation of VA Code § 6.1-420
BFI-2010-00182	Beckner's Run & Assoc., Inc. - Alleged violation of VA Code § 6.1-420
BFI-2010-00191	JM Mortgage LLC - Alleged violation of VA Code § 6.1-420
BFI-2010-00204	Zagros Financial Inc. - Alleged violation of VA Code § 6.1-420
BFI-2010-00207	Amerinet Financial, L.L.C. - Alleged violation of VA Code § 6.1-420
BFI-2010-00213	NALU, Inc. - Alleged violation of VA Code § 6.1-420
BFI-2010-00214	EWA Mortgage, Inc. - Alleged violation of VA Code § 6.1-420
BFI-2010-00218	1st Personal Mortgage Service, Inc. - Alleged violation of VA Code § 6.1-420
BFI-2010-00223	1st Nationwide Mortgage Corporation - Alleged violation of VA Code § 6.1-420
BFI-2010-00225	Aasent Mortgage Corporation - Alleged violation of VA Code § 6.1-420
BFI-2010-00229	Eagle Mortgage, L.L.C. - Alleged violation of VA Code § 6.1-420
BFI-2010-00231	Bridge View Mortgage, LLC - Alleged violation of VA Code § 6.1-420
BFI-2010-00234	Your Mortgage Lender, Inc. - Alleged violation of VA Code § 6.1-420
BFI-2010-00236	Saqib Iqbal d/b/a American Century Mortgage - Alleged violation of 10 VAC 5-160-50
BFI-2010-00238	Charles M. Lott - Alleged violation of VA Code § 6.1-461.1
BFI-2010-00241	WesLend Financial Corp.(Used in VA by: Lenox Financial Mortgage Corporation) - Alleged violation of 10 VAC 5-160-50 and 10 VAC 5-160-60
BFI-2010-00242	Ace Cash Express, Inc. - Alleged violation of VA Code §§ 6.1-451 A, 6.1-453, 6.1-459 (1), *et al.*
BFI-2010-00247	Express Check Advance of Virginia, LLC d/b/a Express Check Advance - Alleged violation of VA Code §§ 6.1-459 (6), 6.1-459 (7), 6.1-459 (8), *et al.*
BFI-2010-00249	D & R Mortgage Corporation d/b/a Metro Finance - Alleged violation of VA Code § 6.2-1604
BFI-2010-00251	Legacy Home Loans LLC - Alleged violation of VA Code § 6.2-1601
BFI-2010-00253	In re: other business in payday lending offices
BFI-2010-00255	In re: Mortgage Lenders and Brokers

CLK: CLERK'S OFFICE

CLK-2010-00001	Election of Commission Chairman pursuant to VA Code § 12.1-7
CLK-2010-00002	Administrative Order designating supervision of divisions to the members of the Commission as provided
CLK-2010-00003	In re: Election of Mark C. Christie to the State Corporation Commission
CLK-2010-00004	Michael D. Morrison, Trustee in Liquidation and the Abbey Foundation, in Liquidation v. Nolte McCarthy - For a determination that the Foundation's corporate existence is terminated by law, that McCarthy is not a Director, *et al.*
CLK-2010-00005	Metis/America Marketing, Inc. *et al.* - For order of corporate dissolution pursuant to VA Code § 13.1-749 A
CLK-2010-00006	In re: annual registration fees for limited liability companies
CLK-2010-00007	In re: fees charged by the Office of the Clerk of the Commission
CLK-2010-00008	Skymark, L.L.C. - For revocation of Order issuing a Certificate of Amendment

INS: BUREAU OF INSURANCE

INS-2009-00123	The Guardian Life Insurance Company of America - Alleged violation of VA Code §§ 38.2-316 A, 38.2-316 B, *et al.*
INS-2009-00225	Ex Parte: In the matter of Adopting Amendments to the Rules Governing Surplus Lines Insurance
INS-2009-00251	Woodolph Romeo - Alleged violation of subsections 1 and 9 of VA Code § 38.2-1831
INS-2009-00254	Allstate Insurance Company - Alleged violation of VA Code §§ 38.2-512 and 38.2-1822
INS-2009-00257	Dawn L. Neinas - Alleged violation of VA Code §§ 38.2-1826 C and subsection 1 of VA Code § 38.2-1831
INS-2009-00260	Metropolitan Life Insurance Company - Alleged violation of VA Code §§ 38.2-503, 38.2-514 B, *et al.*
INS-2009-00261	Group Dental Services of Maryland, Inc. - Alleged violation of VA Code §§ 38.2-5803 A 1, 38.2-5803 A 2, *et al.*
INS-2009-00266	Doris Owens - Alleged violation of VA Code §§ 38.2-1809, 38.2-1813, *et al.*
INS-2009-00275	Park Avenue Property and Casualty Insurance Company - Alleged violation of VA Code §§ 38.2-1040 and 38.2-1041
INS-2009-00278	Optima Health Plan - Alleged violation of VA Code §§ 38.2-503, 38.2-510 A 15, *et al.*
INS-2009-00280	Christine M. Keppers - Alleged violation of VA Code § 38.2-1826 C
INS-2009-00282	Linear Title & Closing Ltd. - Alleged violation of VA Code § 6.1-2.23
INS-2009-00283	Edward E. Snow - Alleged violation of sub§ 1 of VA Code § 38.2-1831
INS-2009-00284	Evelyn R. Snutch - For Review of Shenandoah Life Insurance Company Deputy Receiver's Determination of Appeal
INS-2009-00285	Mary M. Carpenter - For Review of Shenandoah Life Insurance Company Deputy Receiver's Determination of Appeal
INS-2009-00286	Dedicated Resources - For review of Shenandoah Life Insurance Company Deputy Receiver's Determination of Appeal
INS-2010-00001	Aetna Life Insurance Company - Alleged violation of 14 VAC 5-215-20
INS-2010-00002	James W. Thacker, Jr. - Alleged violation of VA Code §§ 38.2-502, 38.2-503, 38.2-512, *et al.*
INS-2010-00003	David J. Sanders - Alleged violation of VA Code §§ 38.2-512, 38.2-1726 and 14 VAC 5-30-40
INS-2010-00004	Wayne A. Holliday - Alleged violation of VA Code §§ 38.2-502 and 38.2-503
INS-2010-00005	James Hal Matthews - Alleged violation of VA Code § 38.2-512 and subsection 10 of 38.2-1831
INS-2010-00006	Carrington D. Timmons, Sr. - Alleged violation of VA Code § 38.2-512 and subsections 2, 10 and 12 of VA Code § 38.2-1831
INS-2010-00007	American General Life and Accident Insurance Company - Alleged violation of subsections A, B and C of VA Code §§ 38.2-316 and 38.2-1834 D
INS-2010-00008	Genworth Financial, Inc. - For refund of retaliatory costs incurred during 2008 taxable year
INS-2010-00009	Markel American Insurance - For refund of retaliatory costs incurred during 2008 taxable year
INS-2010-00010	In the matter of refunding overpayments of the retaliatory tax of insurance companies for the taxable year 2006
INS-2010-00011	In the matter of refunding overpayments of the premium license tax on direct gross premium income of insurance companies for the taxable year 2008
INS-2010-00012	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 2008
INS-2010-00013	In the matter of refunding overpayments of the retaliatory tax of insurance companies for the taxable year 2008
INS-2010-00014	In the matter of refunding overpayments of the retaliatory tax of insurance companies for the taxable year 2007
INS-2010-00015	Joseph S. Laslo - Alleged violation of VA Code § 38.2-1826 C and subsection 1 of 38.2-1831
INS-2010-00016	Carol Y. Kellum - Alleged violation of VA Code § 38.2-1826 C and subsection 1 of 38.2-1831
INS-2010-00017	Vera B. Foote - For review of Shenandoah Life Insurance Company Deputy Receiver's Determination of Appeal
INS-2010-00018	Lee Joyner, Jr. - For review of Shenandoah Life Insurance Company Deputy Receiver's Determination of Appeal
INS-2010-00019	Roberta L. Garcia-Guajardo, Gary J. Hunter and Sanibel & Lancaster Insurance, LLC - Alleged violations of VA Code §§ 38.2-310, 38.2-502, 38.2-1809, *et al.*
INS-2010-00020	Eric Robert MacDougall - Alleged violation of VA Code §§ 38.2-1826 C and subsection 1 of 38.2-1831
INS-2010-00022	Lucius Wayne Hensley - Alleged violation of VA Code §§ 38.2-1809 and 38.2-1813
INS-2010-00023	Keith H. Gilliard & Gilliard Insurance Agency LLC - Alleged violation of VA Code § 38.2-512 and subsections 10 and 12 of § 38.2-1831
INS-2010-00024	John A. Rocco - Alleged violation of VA Code § 38.2-1826 C
INS-2010-00025	Steven John Tlachac - Alleged violation of VA Code § 38.2-1826 C
INS-2010-00026	Javier Henderson - Alleged violation of VA Code § 38.2-1826 C
INS-2010-00027	Sigmund Gubenski - For review of Shenandoah Life Insurance Company Deputy Receiver's Determination of Appeal
INS-2010-00028	Lucy Gubenski - For review of Shenandoah Life Insurance Company Deputy Receiver's Determination of Appeal
INS-2010-00029	John Michael Santos - Alleged violation of VA Code § 38.2-1826 C
INS-2010-00030	Diana M. Wisdom - Alleged violation of VA Code § 38.2-1826 C
INS-2010-00031	Brian E. McFadden - Alleged violation of VA Code § 38.2-1813
INS-2010-00033	Michael Robert Lavelle - Alleged violation of VA Code § 38.2-1826 C
INS-2010-00034	Michael E. Cahill - Alleged violation of VA Code §§ 38.2-512, 38.2-3103 and subsection 10 of 38.2-1831
INS-2010-00036	Jason D. Albritton - Alleged violation of subsection 10 of VA Code § 38.2-1831
INS-2010-00039	Brian Allen Wolf - Alleged violation of VA Code §§ 38.2-1826 C and subsection 1 of 38.2-1831
INS-2010-00037	Direct General Life Insurance Company - Alleged violation of VA Code § 38.2-3115 B
INS-2010-00038	Vincent Monaco - Alleged violation of VA Code §§ 38.2-1826 C and subsection 1 of 38.2-1831

INS-2010-00040	Louis E. Lancaster - For review of Shenandoah Life Insurance Company Deputy Receiver's Determination of Appeal
INS-2010-00041	Darrell Jackson - Alleged violation of VA Code § 38.2-1826 C and subsection 1 of 38.2-1831
INS-2010-00042	American Modern Life Insurance Company - Alleged violation of VA Code § 38.2-1833
INS-2010-00043	Silk Abstract Company, LLC - Alleged violation of VA Code § 6.1-2.21
INS-2010-00044	Cathedral Title Group, LLC - Alleged violation of VA Code § 6.1-2.26
INS-2010-00045	NTSWV, Inc. - Alleged violation of VA Code § 6.1-2.21
INS-2010-00046	National States Insurance Company - To eliminate impairment and restore surplus to the minimum amount required by law
INS-2010-00047	Derrick Dewayne Roy - Alleged violation of VA Code § 38.2-1826 C
INS-2010-00048	Angel A. Bu Zapata and Angel Bu Agency, Inc. - Alleged violation of VA Code §§ 38.2-512 and 38.2-1822
INS-2010-00050	Albertina E. Flamenco - Alleged violation of VA Code § 38.2-1822
INS-2010-00051	Orlando A. Ramirez - Alleged violation of VA Code § 38.2-1822
INS-2010-00052	Sean Edward Taylor - Alleged violation of VA Code § 38.2-1826 C
INS-2010-00053	Casey L. Hoffert - Alleged violation of VA Code § 38.2-1826 C
INS-2010-00054	Lori Ann Kosloske - Alleged violation of VA Code § 38.2-1826 C
INS-2010-00055	Michael Timothy McMahon - Alleged violation of VA Code § 38.2-1826 C
INS-2010-00057	In Re: Puritan Life Insurance Company and Puritan Financial Group, Inc. - For Declaratory Judgment Regarding Agreements between the Parties and Resolution of Co-Insurance Issues
INS-2010-00058	Mortgage Information Services, Inc. - Alleged violation of VA Code §§ 6.1-2.26 and 38.2-1822
INS-2010-00059	Title Resources Guaranty Company - Alleged violation of VA Code §§ 38.2-1812 and 38.2-1833
INS-2010-00060	Leikicha L. Phillips - Alleged violation of VA Code § 38.2-1826 and subsection 1 of 38.2-1831
INS-2010-00061	Queen E. Robinson - Alleged violation of VA Code § 38.2-1826 and subsection 1 of 38.2-1831
INS-2010-00062	Paul M. Gravitt - Alleged violation of VA Code §§ 38.2-503, 38.2-504 and 38.2-512
INS-2010-00065	Victoria Fire & Casualty Insurance Company - Alleged violation of VA Code §§ 38.2-310, 38.2-502, 38.2-1318, *et al.*
INS-2010-00066	American Capitol Insurance Company - For approval of an assumption reinsurance agreement pursuant to VA Code § 38.2-136 C
INS-2010-00067	Metro Title Services, LLC - Alleged violation of VA Code § 6.1-2.26
INS-2010-00068	Juan Carlos Martinez - Alleged violation of VA Code § 38.2-1826 C
INS-2010-00069	Joshua Bernard Coffin - Alleged violation of VA Code § 38.2-1826 C
INS-2010-00071	Madison National Life Insurance Company - For approval of an assumption reinsurance agreement pursuant to VA Code § 38.2-136 C
INS-2010-00072	American Community Mutual Insurance Company - For suspension of license pursuant to VA Code § 38.2-1040
INS-2010-00073	Metropolitan Casualty Insurance Co., Metropolitan Direct Property & Casualty Insurance Co., Metropolitan General Insurance Company and Metropolitan Property & Casualty Insurance Co. - Alleged violation of VA Code §§ 38.2-305, *et al.*
INS-2010-00074	Homesite Insurance Company - Alleged violation of VA Code §§ 38.2-317 A, *et al.*
INS-2010-00075	In Re: Claim of Superior Performers, Inc. d/b/a National Agents Alliance - For Review contesting the Deputy Receiver's denial of request to modify Order
INS-2010-00076	Elwanda N. Knight - For review of Shenandoah Life Insurance Company Deputy Receiver's Determination of Appeal
INS-2010-00077	Encompass Independent Insurance Company - Alleged violation of VA Code § 38.2-1906 A
INS-2010-00078	James Lee Yurek - Alleged violation of VA Code § 38.2-1826 C
INS-2010-00079	Arturo Nava - Alleged violation of VA Code §§ 38.2-1826 C and subsection 1 of 38.2-1831
INS-2010-00080	Tina Marie Ragland - Alleged violation of VA Code § 38.2-1826 C
INS-2010-00081	Trumbull Insurance Company - Alleged violation of VA Code § 38.2-1906 D
INS-2010-00082	Freedom Settlement Group, LLC - Alleged violation of VA Code § 6.1-2.26
INS-2010-00083	Jesse H. Harrelson - For review of Shenandoah Life Insurance Company Deputy Receiver's Determination of Appeal
INS-2010-00085	James A. Connor Assoc. Inc. - Alleged violation of VA Code § 38.2-1826 and subsection 1 of 38.2-1831
INS-2010-00086	East Coast Title Services, LC - Alleged violation of VA Code § 6.1-2.26
INS-2010-00087	Donegal Mutual Insurance Company and Southern Insurance Company of Virginia - Alleged violation of VA Code § 38.2-305 A
INS-2010-00088	Continental Insurance Co., American Casualty Co. of Reading, PA, National Fire Insurance Co. of Hartford, Transportation Insurance Co., Valley Forge Insurance Co. and Continental Casualty Co. - Alleged violation of VA Code § 38.2-1906 D
INS-2010-00089	Imperial Casualty and Indemnity Insurance Company - Alleged violation of VA Code §§ 38.2-1040 and 38.2-1041
INS-2010-00090	J. Melissa Christian - Alleged violation of VA Code §§ 38.2-1822 and 38.2-1831
INS-2010-00091	Crystal Faye Jamrozek - Alleged violation of VA Code §§ 38.2-1822 and 38.2-1831
INS-2010-00092	Kevin Wayne Mews - Alleged violation of VA Code §§ 38.2-1812 and 38.2-1822
INS-2010-00093	Charles W. Newman and Save Rite Insurance Agency - Alleged violation of VA Code §§ 38.2-1812, 38.2-1813 and 38.2-1822
INS-2010-00094	Permanent General Assurance Corporation of Ohio - Alleged violation of VA Code §§ 38.2-1812 and 38.2-1833
INS-2010-00095	Allstate Insurance Company - Alleged violation of VA Code §§ 38.2-1822 and 38.2-1833
INS-2010-00096	Zachuriah D. Collar - Alleged violation of VA Code § 38.2-1826 C
INS-2010-00097	nHealth, Inc. - Alleged violation of VA Code § 38.2-1040
INS-2010-00098	Hartford Casualty Insurance Company, Hartford Underwriters Insurance Company and Hartford Fire Insurance Company - Alleged violation of VA Code § 38.2-317
INS-2010-00101	Mercury Casualty Company - Alleged violation of VA Code § 38.2-305 A
INS-2010-00102	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 2009
INS-2010-00103	In the matter of refunding overpayments of the Fire Programs Fund assessment based on direct gross premium income of insurance companies for the assessable year 2009
INS-2010-00104	In the matter of refunding overpayments of the premium license tax on direct gross premium income of surplus lines brokers for the taxable year 2009
INS-2010-00105	In the matter of refunding overpayments of the assessment for the maintenance of the Bureau of Insurance on direct gross premium income of surplus lines brokers for the assessable year 2009
INS-2010-00106	Genworth Financial - For refund of retaliatory costs incurred during 2009 taxable year
INS-2010-00107	Markel American Insurance - For refund of retaliatory costs incurred during 2009 taxable year

INS-2010-00109	All-Pro Title & Escrow, LLC - Alleged violation of VA Code § 6.1-2.26
INS-2010-00110	Meridian Settlement Concepts, Inc. - Alleged violation of VA Code § 6.1-2.21
INS-2010-00111	Miles River Escrow & Settlement, LLC - Alleged violation of VA Code § 6.1-2.26
INS-2010-00112	Real Advantage I, LLC - Alleged violation of VA Code § 6.1-2.26
INS-2010-00113	Conseco Life Insurance Company, Conseco Insurance Company, Conseco Health Insurance Company, Bankers Life and Casualty Company and Washington National Insurance Company, Ex Parte: In the matter of Approval of a Multi-State Regulatory Settlement Agreement between Conseco Life Insurance Co., *et al.* and the Insurance Commissioners of the States of California, Florida, Iowa, Indiana and Texas for the Virginia State Corporation Commission, Bureau of Insurance
INS-2010-00114	Avant Garde Insurance, LLC - Alleged violation of VA Code §§ 38.2-1813 and 38.2-1822
INS-2010-00115	Andrew T. Monroe - Alleged violation of VA Code §§ 38.2-1813, 38.2-1822, 38.2-1838 and 38.2-1839 A
INS-2010-00116	Rohan Shetty - Alleged violation of VA Code §§ 38.2-1813 and 38.2-1822
INS-2010-00117	National Guardian Life Insurance Company - Alleged violation of VA Code §§ 38.2-301, 38.2-305 and 38.2-316
INS-2010-00118	In the matter of Adopting Amendments to the Rules Governing Health Maintenance Organizations
INS-2010-00119	Professional Titles, Inc. - Alleged violation of VA Code § 6.1-2.26
INS-2010-00120	American Contractors Indemnity Company - Alleged violation of VA Code § 38.2-1040
INS-2010-00121	Equifax Settlement Services LLC - Alleged violation of VA Code § 6.1-2.26
INS-2010-00122	David Erby Shell, Jr. - Alleged violation of VA Code § 38.2-512
INS-2010-00123	Don Delwyn Tuzo - Alleged violation of VA Code §§ 38.2-1822, *et al.*
INS-2010-00124	Genesis Business Group, Inc. - Alleged violation of VA Code §§ 38.2-1822, *et al.*
INS-2010-00125	Genesis Capital Corporation - Alleged violation of VA Code § 38.2-2402
INS-2010-00126	National Council on Compensation Insurance, Inc. - For revisions of advisory loss costs and assigned risk workers' compensation insurance rates
INS-2010-00127	Selective Insurance Co. of South Carolina, Selective Insurance Co. of America, Selective Insurance Co. of the Southeast and Selective Way Insurance - Alleged violation of VA Code §§ 38.2-317, 38.2-1906 A and 14 VAC 5-335-10 *et seq.*
INS-2010-00128	Thomas George Frost, III - Alleged violation of VA Code § 38.2-1826 C
INS-2010-00129	Alfa Alliance Insurance Corporation - Alleged violation of VA Code §§ 38.2-502 (1), 38.2-510 A 3, 38.2-2214, 14 VAC 5-400-30, 14 VAC 5-400-40 A, 14 VAC 5-400-50 C and 14 VAC 5-400-70 A
INS-2010-00130	Catherine V. Thompson - For review of Shenandoah Life Insurance Company Deputy Receiver's Determination of Appeal
INS-2010-00131	Foremost Insurance Company Grand Rapids Michigan - Alleged violation of VA Code §§ 38.2-305 B, 38.2-610 A, 38.2-1812, 38.2-1822, 38.2-1833 and 38.2-2218
INS-2010-00132	Edmund C. Scarborough - Alleged violation of VA Code § 38.2-2402
INS-2010-00133	Mary Addie Farris - Alleged violation of VA Code § 38.2-512
INS-2010-00134	Lender's Title & Escrow, LLC - Alleged violation of VA Code §§ 6.1-2.13, 6.1-2.24, 38.2-1801 and 38.2-1812
INS-2010-00135	BPG Home Warranty Company f/k/a LandAmerica Home Warranty Company - Alleged violation of VA Code § 38.2-2622
INS-2010-00136	HomeSure of Virginia, Inc. - Alleged violation of VA Code § 38.2-2622
INS-2010-00137	Commonwealth Dealers Life Insurance Company - Alleged violation of 14 VAC 5-270-50, *et al.*
INS-2010-00138	American Home Shield of Virginia, Inc. - Alleged violation of VA Code § 38.2-2622
INS-2010-00139	In the matter of refunding overpayments of the Virginia State Police, Insurance Fraud Fund assessment based on direct gross premium income of insurance companies for the assessable year 2009
INS-2010-00140	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 2009
INS-2010-00142	Michael Lee Dilk - Alleged violation of VA Code § 38.2-1826 C and subsection 1 of 38.2-1831
INS-2010-00143	Adam D. Appell - Alleged violation of VA Code §§ 38.2-1826 C and subsection 1 of 38.2-1831
INS-2010-00144	Gary L. Karns Jr. - Alleged violation of VA Code § 38.2-1826 C
INS-2010-00145	Byron Latrent Bradley - Alleged violation of VA Code § 38.2-1826 C
INS-2010-00146	Gay Catherine Chung - Alleged violation of VA Code § 38.2-1826 C
INS-2010-00147	Richard Striano - Alleged violation of VA Code § 38.2-1826 C
INS-2010-00149	Homeland Escrow LLC d/b/a Homeland Title & Escrow - Alleged violation of VA Code §§ 6.1-2.23 and 6.21-2.24
INS-2010-00150	Hartford Casualty Insurance Company and Hartford Fire Insurance Company - Alleged violation of VA Code § 38.2-317
INS-2010-00151	Paul Herman Coles, Jr. - Alleged violation of VA Code §§ 38.2-1813 and 38.2-1826
INS-2010-00152	Mercury Casualty Company - Alleged violation of VA Code § 38.2-1906 D
INS-2010-00153	Cinergy Health, Inc. - Alleged violation of VA Code §§ 38.2-502, 38.2-1822, *et al.*
INS-2010-00154	Professional Liability Insurance Company of America - Alleged violation of VA Code §§ 38.2-1040 and 38.2-1041
INS-2010-00155	Carrie P. Gibbons and Stuarts Draft Insurance Agency LLC - Alleged violation of VA Code §§ 38.2-512, 38.2-1812 and 38.2-1813
INS-2010-00156	Deon Eugene Gibbons - Alleged violation of VA Code §§ 38.2-512, 38.2-613.2, 38.2-1809 and 38.2-1812
INS-2010-00157	Aaron Dicaprio - Alleged violation of VA Code § 38.2-4807 A
INS-2010-00158	George Ravelo - Alleged violation of VA Code § 38.2-4807 A
INS-2010-00159	David Stricker - Alleged violation of VA Code § 38.2-4807 A
INS-2010-00160	Alan Thomas - Alleged violation of VA Code § 38.2-4807 A
INS-2010-00161	Merilee Green-Daniel - Alleged violation of VA Code § 38.2-4807 A
INS-2010-00163	Melissa Large - Alleged violation of VA Code § 38.2-4807 A
INS-2010-00164	Zayan Takaful LLC - Alleged violation of VA Code § 38.2-4807 A
INS-2010-00165	Quadrant Insurance Services, LLC - Alleged violation of VA Code § 38.2-4807 A
INS-2010-00166	Great American Insurance Company, Great American Assurance Company, Great American Insurance Company of New York and Great American Alliance Insurance Company - Alleged violation of VA Code § 38.2-317
INS-2010-00168	Jesup & Lamont Securities - Alleged violation of VA Code § 38.2-1826 C
INS-2010-00169	Brian Douglas Flanders - Alleged violation of VA Code § 38.2-1826 C
INS-2010-00170	Rockwood Programs Inc. - Alleged violation of VA Code § 38.2-1826 C and subsection 1 of 38.2-1831
INS-2010-00171	Jennifer Bocrie Seal - Alleged violation of VA Code § 38.2-512
INS-2010-00172	Agency Insurance Company of Maryland - Alleged violation of VA Code §§ 38.2-305 A, 38.2-502, *et al.*, 14 VAC 5-400-50 C and 14 VAC 5-400-80 D

INS-2010-00173	Cincinnati Insurance Company - Alleged violation of VA Code § 38.2-317
INS-2010-00174	Truck Insurance Exchange - Alleged violation of VA Code § 38.2-317
INS-2010-00175	Leroy Gary Talbott, Jr. and Tri City Agency Insurance and Real Estate Corporation - Alleged violation of VA §§ 38.2-512, 38.2-1812.2, 38.2-1813 and 38.2-1822
INS-2010-00176	Tenia Mechele Bennett-Thompson - Alleged violation of VA Code § 38.2-1826 C and subsection 1 of 38.2-1831
INS-2010-00177	David Page - Alleged violation of VA Code § 38.2-4809 A
INS-2010-00178	James Lubeck - Alleged violation of VA Code § 38.2-4809 A
INS-2010-00180	Residential Title & Escrow Company - Alleged violation of VA Code § 6.1-2.26
INS-2010-00181	Christopher M. Minor - Alleged violation of VA Code § 38.2-1826 C
INS-2010-00182	Peerless Insurance Company - Alleged violation of VA Code § 38.2-317
INS-2010-00183	The Charter Oak Fire Insurance Co., The Phoenix Insurance Co., The Travelers Indemnity Co., The Travelers Indemnity Co. of America, The Travelers Indemnity Co. of Connecticut, Travelers Property Casualty Company of America and Travelers Casualty Insurance Company of America - Alleged violation of VA Code §§ 38.2-217 and 38.2-1906 D
INS-2010-00184	Garrison Property and Casualty Insurance Company, United Services Automobile Association, USAA Casualty Insurance Company and USAA General Indemnity Company - Alleged violation of VA Code § 38.2-1906 D
INS-2010-00185	Deputy Receiver of Reciprocal of America and The Reciprocal Group - For Disbursement of Assets
INS-2010-00187	Merle Thomas Butenhoff - Alleged violation of VA Code §§ 38.2-1826 C and subsection 1 of 38.2-1831
INS-2010-00188	Garden State Life Insurance Company - Alleged violation of VA Code §§ 38.2-1833 C and 13.2-1833 E
INS-2010-00189	Jeremy Alan Stern - Alleged violation of VA Code §§ 38.2-502, 38.2-503 and 38.2-512
INS-2010-00190	Fidelity National Insurance Company - Alleged violation of VA Code §§ 38.2-305 A, *et al.*
INS-2010-00191	CIGNA Healthcare Mid-Atlantic, Inc. - Alleged violation of VA Code §§ 38.2-316 A, 38.2-316 B, 38.2-316 C 1, *et al.*
INS-2010-00192	Consumers Insurance USA, Inc. - Alleged violation of VA Code §§ 38.2-1812 and 38.2-1833
INS-2010-00194	Gregory A. Zeliff - Alleged violation of VA Code § 38.2-1813
INS-2010-00195	Beneficial Employees Security Trust of Utah - Alleged violation of 14 VAC 5-410-40 D
INS-2010-00196	TriNet HR Corporation - Alleged violation of 14 VAC 5-410-40
INS-2010-00197	Jorge Alberto Pena - Alleged violation of VA Code §§ 38.2-1826 C and subsection 1 of 38.2-1831
INS-2010-00198	Paula Calimafde, Trustee of the Ronald D. Eastman Irrevocable Trust - For review of Shenandoah Life Insurance Company Deputy Receiver's Determination of Appeal
INS-2010-00199	Virginia Senior Care Group, LLC - Alleged violation of VA Code § 38.2-1024
INS-2010-00200	Doris Ellen Keen - Alleged violation of subsection 1 of VA Code § 38.1-1831
INS-2010-00201	International Fidelity Insurance Company - Alleged violation of subsection 4 of VA Code § 38.2-1040
INS-2010-00202	Allstate Insurance Company - Alleged violation of VA Code § 38.2-317
INS-2010-00204	Robert W. Shafer - Alleged violation of VA Code §§ 38.2-502, 38.2-512, 38.2-1812 and 38.2-1822
INS-2010-00205	Anthem Health Plans of Virginia, Inc., and HealthKeepers, Inc. - For approval to have vendors located outside the United States contact providers in order to maintain, update, make changes to, or otherwise key information within provider databases
INS-2010-00206	Anthem Health Plans of Virginia, Inc. and HealthKeepers, Inc. - For approval to provide utilization management and case management for members receiving benefits under a Medicaid or CHIP managed care plan from locations outside of Virginia
INS-2010-00207	No Fee Settlement Corporation - Alleged violation of VA Code § 38.2-4614
INS-2010-00208	Old Dominion Settlements, Inc. t/a Key Title - Alleged violation of VA Code §§ 6.1-2.23 and 6.2-2.23:1
INS-2010-00209	Ex parte, in re: Assessment upon certain companies and surplus lines brokers to pay the expense of the Bureau of Insurance for the calendar year 2010
INS-2010-00210	American States Preferred Insurance Co., General Insurance Co. of America, Insurance Co. of Illinois, Safeco Insurance Co. of America, Safeco Insurance Co. of Illinois and Safeco Insurance Co. of Indiana - Alleged violation of VA Code §§ 38.2-305 A, *et al.*
INS-2010-00211	Joshua C. Stone - Alleged violation of subsection 1 of VA Code § 38.2-1831
INS-2010-00212	Allstate Indemnity Co., Allstate Insurance Co., Allstate Fire and Casualty Insurance Co., Allstate Property and Casualty Insurance Co., Deerbrook Insurance Co., Encompass Indemnity Co., Encompass Insurance Co., Encompass Insurance Co. of America, Encompass Property and Casualty Insurance Co., Encompass Independent Insurance Co., and Northbrook Indemnity Co. - In the Matter of Approval of a Multi-State Regulatory Settlement Agreement between Allstate Insurance Company, *et al.* and the Insurance Commissioners of the States of Illinois, Florida, Iowa and New York, for the Virginia State Corporation Commission Bureau of Insurance
INS-2010-00213	Stonewood Insurance Company - Alleged violation of VA Code §§ 38.2-1812 and 38.2-1833
INS-2010-00214	Ex Parte: In the matter of Repealing and Adopting New Rules Governing Advertisement of Life Insurance and Annuities
INS-2010-00215	Nydia Whyte - Alleged violation of VA Code § 38.2-1826 C
INS-2010-00216	Anthem Health Plans of Virginia, Inc. and Healthkeepers, Inc. - For approval to provide quality management services from locations outside of Virginia for member grievances on provider quality of care
INS-2010-00217	Gabrielle R. Hall - Alleged violation of VA Code §§ 38.2-1826 A and C
INS-2010-00218	Michaels Title & Escrow, LLC - Alleged violation of VA Code § 55-525.30
INS-2010-00223	Amber L. Massey - Alleged violation of VA Code § 38.2-1819
INS-2010-00224	Oxford Life Insurance Company - For approval of an assumption reinsurance agreement pursuant to VA Code § 38.2-136 C
INS-2010-00225	Karen B. Bright - For review of Shenandoah Life Insurance Company's Deputy Receiver's Determination of Appeal
INS-2010-00226	Residential Title Services, Inc. - Alleged violation of VA Code § 55-525.30
INS-2010-00227	Amelia Title and Settlement, LLC - Alleged violation of VA Code § 55-525.30
INS-2010-00244	Stewart Title Shenandoah Valley - Alleged violation of VA Code §§ 38.2-1826 and 55.525.30
INS-2010-00245	Nancy B. Shultz - For review of Shenandoah Life Insurance Company Deputy Receiver's Determination of Appeal
INS-2010-00246	Monitor Life Insurance Company of New York - Alleged violation of VA Code §§ 38.2-1028, 38.2-1036 and 38.2-1040
INS-2010-00249	Gary John Lord - Alleged violation of VA Code § 38.2-1826 C and subsection 1 of 38.2-1831
INS-2010-00250	In the matter of 2010 Actuarial Report for the Virginia Birth-Related Neurological Injury Compensation Fund
INS-2010-00251	Reciprocal of America and The Reciprocal Group - For orders setting contingent hearing, approving procedures, establishing response date, and approving Deputy Receiver's settlements with certain former officers, directors and outside counsel
INS-2010-00252	Kelly Jean Carratura - Alleged violation of VA Code §§ 38.2-1831 and 55-525.24 (formerly 6.1-2.23)
INS-2010-00253	George H. Christian - Petition for Writ of Mandamus and Verified Complaint for Injunctive and Declaratory Relief

INS-2010-00255	Americas Insurance Company - Alleged violation of VA Code § 38.2-1028 and 38.2-1036
INS-2010-00256	Delegating certain authority to the Commissioner of Insurance

PST: DIVISION OF PUBLIC SERVICE TAXATION

PST-2010-00024	LightSquared, LP d/b/a LightSquared I LP - For review and correction of certification of gross receipts
PST-2010-00031	DIECA Communications, Inc. d/b/a Covad Communications - For review and correction of certification of gross receipts for the year ending December 31, 2008
PST-2010-00032	Level 3 Communications LLC - For review and correction of certification of gross receipts for the year ending December 31, 2008
PST-2010-00033	WilTel Communications LLC - For review and correction of certification of gross receipts for the year ending December 31, 2008
PST-2010-00034	Broadwing Communications, LLC - For review and correction of certification of gross receipts for the year ending December 31, 2008
PST-2010-00035	TelCove of Virginia, LLC - For review and correction of certification of gross receipts for the year ending December 31, 2008

PUC: DIVISION OF COMMUNICATIONS

PUC-2009-00069	PNG Telecommunications of Virginia, LLC d/b/a PowerNet Global Communications - For replacement of existing letter of credit with surety bond and return of the letter of credit
PUC-2009-00070	Jacqui Electric Co. - Alleged violation of VA Code §§ 56-508.15 *et seq.*
PUC-2009-00071	First Choice Communications, Inc. - Alleged violation of VA Code §§ 56-508.15 *et seq.*
PUC-2009-00072	MCC Telephony of the Mid-Atlantic, LLC - For certificates to provide local exchange and interexchange telecommunications services
PUC-2009-00073	Frontier Communications of Virginia, Inc. - For a certificate to provide local exchange telecommunications services
PUC-2010-00001	Verizon Virginia Inc. and Granite Telecommunications, LLC - Amendment No. 1 to the interconnection agreement under § 252(e) of the Telecommunications Act of 1996
PUC-2010-00002	Verizon South Inc. and McGraw Communications of Virginia, Inc. - Amendment No. 1 to the interconnection agreement under § 252(e) of the Telecommunications Act of 1996
PUC-2010-00003	Verizon Virginia Inc. and McGraw Communications of Virginia, Inc. - Amendment No. 1 to the interconnection agreement under § 252(e) of the Telecommunications Act of 1996
PUC-2010-00004	BetterWorld Telecom, LLC - For a certificate to provide local exchange telecommunications services
PUC-2010-00005	Cincinnati Bell Any Distance of Virginia LLC - For a certificate to provide local exchange telecommunications services
PUC-2010-00007	Peoples Mutual Telephone Company, Fairpoint Communications Solutions Corp. - Virginia and Fairpoint Communications, Inc. - For approval of transfer of control of Peoples Mutual Telephone Company and FairPoint Communications Solutions Corp. – Virginia, in connection with the bankruptcy proceeding of FairPoint Communications, Inc., pursuant to the Utility Transfers Act, Chapter 5 of Title 56, VA Code §§ 56-88 *et seq.*
PUC-2010-00008	Lightyear Network Solutions, LLC, LY Holdings, LLC and Lightyear Network Solutions, Inc. f/k/a Libra Alliance Corp. - For approval of a pro forma change in corporate structure resulting in the transfer of direct control of Lightyear Network Solutions, LLC pursuant to §§ 56-88.1 and 56-90 of the Code of Virginia
PUC-2010-00010	United Telephone Southeast LLC d/b/a CenturyLink and Central Telephone Company of Virginia d/b/a CenturyLink - For an exemption from the annual filing requirement imposed by the Commission pursuant to VA Code § 56-77 (A)
PUC-2010-00011	Central Telephone Company of Virginia d/b/a CenturyLink, United Telephone Southeast LLC d/b/a CenturyLink and iNetworks Group of Virginia, Inc. - Master Resale Agreement pursuant to § 252(e) of the Telecommunications Act of 1996
PUC-2010-00012	Starpower Communications LLC, RCN New York Communications, LLC, NEON Virginia Connect, LLC, RCN Corporation, RCN Telecom Services, Inc. RCN Telecom Services, LLC, RCN Telecom Services of Washington, D.C., Inc., Yankee Cable Acquisition, LLC, Yankee Metro Parent, Inc., and Abry Partners VI, L.P., and Abry Senior Equity III, L.P. - For approval of a transfer of control pursuant to VA Code §§ 56-88.1 and 56-90
PUC-2010-00014	Central Telephone Company of Virginia d/b/a CenturyLink, United Telephone Southeast LLC d/b/a CenturyLink and Time Warner Cable Information Services LLC - Interconnection, Collocation and Resale Agreement pursuant to § 252(e) of the Telecommunications Act of 1996
PUC-2010-00015	Central Telephone Company of Virginia d/b/a CenturyLink, United Telephone Southeast LLC d/b/a CenturyLink and Zayo Bandwidth Central Virginia, LLC - Interconnection, Collocation and Resale Agreement pursuant to § 252(e) of the Telecommunications Act of 1996
PUC-2010-00016	Central Telephone Company of Virginia d/b/a CenturyLink, United Telephone Southeast LLC d/b/a CenturyLink and Charter Fiberlink VA-CCO, LLC - Negotiated Interconnection Agreement pursuant to § 252(e) of the Telecommunications Act of 1996
PUC-2010-00017	Verizon South Inc. and Time Warner Cable Information Services (Virginia) - Interconnection Agreement pursuant to § 252(e) of the Telecommunications Act of 1996
PUC-2010-00018	Verizon Virginia Inc. and Time Warner Cable Information Services (Virginia), LLC - Interconnection Agreement pursuant to § 252(e) of the Telecommunications Act of 1996
PUC-2010-00019	Vanco Direct USA, LLC - To amend its certificate to provide local exchange telecommunications services to reflect a new corporate name
PUC-2010-00020	Comtel Virginia LLC, Matrix Telecom of Virginia, Inc., Comtel Telcom Assets LP, The President and Fellows of Harvard College and Platinum Equity, LLC - For approval of the transfer of assets and customers from Comtel Virginia LLC to Matrix Telecom of Virginia, Inc. pursuant to §§ 56-88.1 and 56-90
PUC-2010-00021	DSLnet Communications VA, Inc., Megapath Inc., CCGI Holding LLC, CCGI Holding Corporation, Covad Communications Group, Inc., DIECA Communications, Inc. and Platinum Equity, Inc. - For approval of the indirect transfer of control of DSLnet Communications VA, Inc. and DIECA Communications, Inc. pursuant to VA Code §§ 56-88.1 and 56-90
PUC-2010-00022	Peerless Network of Virginia, LLC - For certificates to provide local exchange and interexchange telecommunications services
PUC-2010-00023	Qwest Communications International, Inc., Qwest Communications Corporation of Virginia, Inc., Central Telephone Company of Virginia d/b/a CenturyLink, United Telephone Southeast LLC d/b/a CenturyLink, CenturyTel Long Distance, LLC d/b/a CenturyLink and CenturyLink, Inc. - For approval of indirect transfer of control of Qwest Communications Corporation of

	Virginia, Inc., Central Telephone Co. of Virginia d/b/a CenturyLink, United Telephone Southeast LLC d/b/a CenturyLink and CenturyTel Long Distance, LLC d/b/a CenturyLink
PUC-2010-00025	Jeffrey W. Smith d/b/a S.T.S. - Alleged violation of 20 VAC-5-407-50
PUC-2010-00026	Greyhound Lines - Alleged violation of 20 VAC 5-407-40
PUC-2010-00027	North Coast Payphones, Inc. - Alleged violation of 20 VAC 5-407-40
PUC-2010-00028	Alexandria Hotel OC, L.L.C. t/a Residence Inn Old Town Alexandria - Alleged violation of 20 VAC 5-407-40
PUC-2010-00030	Zayo Bandwidth Northeast, LLC, Zayo Bandwidth Northeast Sub, LLC and Zayo Bankwidth Central (Virginia), LLC - For cancellation of existing certificates and tariffs to provide local exchange and interexchange telecommunications services
PUC-2010-00031	NewPath Networks, LLC - For certificates to provide local exchange and interexchange services
PUC-2010-00032	Ex Parte: In the Matter of Implementing the BVU Authority Act, § 15.2-7200 *et seq.* of the Code of Virginia
PUC-2010-00033	Verizon Virginia Inc. and Intrado Communications of Virginia Inc. - Interconnection Agreement pursuant to § 252(e) of the Telecommunications Act of 1996
PUC-2010-00035	VIC-RMTS-DC, L.L.C. f/k/a Verizon Avenue - For cancellation of certificate to provide local exchange telecommunications services
PUC-2010-00036	Verizon Virginia Inc. - For cancellation of certificate to provide local exchange telecommunications services as the incumbent local exchange carrier in the Crows-Hematite Exchange
PUC-2010-00038	NextGen Communications, Inc. - For waiver of the bond requirement contained in its certificate
PUC-2010-00039	Global Crossing Telemanagement VA, LLC, Global Crossing Telemanagement, Inc., and Global Crossing Local Services, Inc. - For approval of merger of Global Crossing Telemanagement, Inc. into Global Crossing Local Services, Inc., thereby transferring direct ownership and control of Global Crossing Telemanagement VA, LLC, from Global Crossing Telemanagement, Inc., to Global Crossing Local Services, Inc.
PUC-2010-00040	NationsLine Virginia, Inc. - For Waiver of Certain Requirements for Certification
PUC-2010-00041	InSITE Fiber of Virginia, Inc., Newpath Networks, Inc., William J. Marraccini, Charterhouse Group, Inc., Crown Castle Solutions Corp. and Crown Castle International Corp. - For approval of the indirect transfer of control of InSITE Fiber of Virginia, Inc. pursuant to VA Code §§ 56-88
PUC-2010-00042	DukeNet Op Co, LLC - For certificates to provide local exchange and interexchange telecommunications services
PUC-2010-00043	DukeNet Communications, LLC, Duke Energy Corporation, Duke Energy Services, Inc., DukeNet VentureCo, Inc. DukeNet Communications Holdings, LLC DukeNet OpCo LLC, Alinda Telecom Investor I, L.P. and Alinda Telecom Investor II, L.P. - For approval of the transfer of control of DukeNet Communications, LLC pursuant to VA Code §§ 56-88 *et seq.*
PUC-2010-00045	FiberNet of Virginia, Inc., NTELOS Holdings Corp., NTELOS Inc., NTELOS FiberNet, Inc., One Communications, Inc. and Mountaineer Telecommunications, LLC - For approval of the indirect transfer of control of FiberNet of Virginia, Inc. to NTELOS Holdings Corp. pursuant to VA Code §§ 56-88 *et seq.*
PUC-2010-00046	Verizon Virginia Inc. and Verizon South Inc. - For waiver of Rule 20 VAC 5-428-80 regarding printed directories
PUC-2010-00047	IntelePeer Virginia, Inc. - For certificates to provide local exchange and interexchange telecommunications services
PUC-2010-00048	SkyTerra Inc. of Virginia - To amend its certificate to provide local exchange telecommunications services to reflect a new corporate name
PUC-2010-00049	Comtel Virginia LLC d/b/a Excel Telecommunications, VarTec Telecom, Clear Choice Communications and VarTec Solutions - To voluntarily withdraw from providing telecommunications services to Virginia and to cancel its certificate
PUC-2010-00051	Verizon South Inc. and Intrado Communications of Virginia, Inc. - Interconnection Agreement pursuant to § 252(e) of the Telecommunications Act of 1996
PUC-2010-00052	24/7 Cable Company, LLC - For certificates to provide local exchange and interexchange telecommunications services
PUC-2010-00053	KDL of Virginia, Inc., Kentucky Data Link, Inc., Q-Comm Corporation and Windstream Corporation - For approval of the indirect transfer of control of KDL of Virginia, Inc. pursuant to VA Code §§ 56-88 *et seq.*
PUC-2010-00054	Verizon South Inc. and Mikrotec Communications of Virginia, LLC - Interconnection Agreement pursuant to § 252(e) of the Telecommunications Act of 1996
PUC-2010-00055	Verizon South Inc. and Intellifiber Networks, Inc. - Interconnection Agreement pursuant to § 252(e) of the Telecommunications Act of 1996
PUC-2010-00056	Airespring Virginia LLC - For a certificate to provide local exchange telecommunications services
PUC-2010-00057	Verizon South Inc. and Neon Virginia Connect, LLC - Interconnection Agreement under § 252(e) of the Telecommunications Act of 1996
PUC-2010-00059	Cavalier Telephone Corporation, Talk America of Virginia, Inc., Cavalier Telephone, LLC, Intellifiber Networks, Inc., and PAETEC Holding Corp. - For approval of the indirect transfer of control of Talk America of Virginia, Inc., Cavalier Telephone, LLC, and Intellifiber Networks, Inc. to PAETEC Holding Corp. pursuant to VA Code §§ 56-88 *et seq.*
PUC-2010-00060	Birch Communications of Virginia, Inc. - For certificates to provide local exchange and interexchange telecommunications services
PUC-2010-00062	Central Telephone Company of Virginia d/b/a CenturyLink, United Telephone Southeast LLC d/b/a CenturyLink and MountaiNet Telephone Company - Interconnection, Collocation and Resale Agreement pursuant to § 252(e) of the Telecommunications Act of 1996
PUC-2010-00064	Verizon Virginia Inc. and Verizon South Inc. and State Corporation Commission - Ex Parte: In the Matter of Investigating the Service Quality of Verizon Virginia Inc. and Verizon South Inc.
PUC-2010-00065	Business Telecom of Virginia, Inc., ITC^DeltaCom, Inc. and EarthLink, Inc. - For approval of the indirect transfer of control of Business Telecom of Virginia, Inc. pursuant to VA Code §§ 56-88 *et seq.*
PUC-2010-00067	Clear Rate Telecom, LLC - For certificates to provide local exchange and interexchange telecommunications services
PUC-2010-00068	Birch Communications of Virginia, Inc. d/b/a Birch Communications, CloseCall America, Inc. of Virginia and American Fiber Network of Virginia, Inc. - For approval to transfer the customers and assets of CloseCall America, Inc. of Virginia and American Fiber Network of Virginia, Inc. to Birch Communications of Virginia, Inc. d/b/a Birch Communications pursuant to VA Code §§ 56-88 *et seq.*
PUC-2010-00070	Cypress Communications Holding Company of Virginia, LLC, TechInvest Holding Company, Inc., The Broadvox Holding Company, LLC, Broadvox, Inc. and Andre Temnorod - For approval of the transfer of control of Cypress Communications Holding Company of Virginia, LLC from TechInvest Holding Company, Inc. to The Broadvox Holding Company, LLC pursuant to VA Code §§ 56-88 *et seq.*

PUC-2010-00071	Central Telephone Company of Virginia d/b/a CenturyLink, United Telephone Southeast LLC d/b/a CenturyLink and ShenTel Communications Company - Interconnection Agreement pursuant to § 252(e) of the Telecommunications Act of 1996
PUC-2010-00073	Choice One Communications Resale LLC - For cancellation of a certificate to provide local exchange telecommunications services
PUC-2010-00074	Telco Experts, LLC - For a certificate to provide local exchange and interexchange telecommunications services
PUC-2010-00076	Various Terminated Carriers - For cancellation of certificates to provide local exchange and/or interexchange telecommunications services
PUC-2010-00077	CLM Telcom LLC - For cancellation of to provide local exchange and interexchange telecommunications services

PUE: DIVISION OF ENERGY REGULATION

PUE-2008-00018	Presidential Service Company Tier II, Inc - For certificates to provide water and sewerage service
PUE-2009-00055	Wayne L. Davis v. Virginia Electric and Power d/b/a Dominion Virginia Power - For review of dispute regarding meter location
PUE-2009-00079	The City of Chesapeake - For an order on public utility lines crossing a railroad and for certification of public necessity or essential public convenience in exercise of authority of eminent domain with regard to certain interests in real property
PUE-2009-00083	James C. Pearce v. Washington Gas Light Company - For review of a billing dispute for gas service
PUE-2009-00134	Virginia Electric and Power Company d/b/a Dominion Virginia Power - For approval and certificates for electric facilities for Loudoun and Prince William Counties: Loudoun-New Road Double Circuit 230 kV Transmission Line and New Road Substation
PUE-2009-00136	Po River Water and Sewer Company - Proposed revised rates, rules, and regulations
PUE-2009-00137	Appalachian Power Company - For a certificate to rebuild a portion of a 138 kV transmission line in Washington County and the City of Bristol, Virginia
PUE-2009-00139	Virginia Natural Gas, Inc. - For Authority to Amend its Conservation and Ratemaking Efficiency Plan
PUE-2009-00141	Rappahannock Electric Cooperative - For approval of the amount and form of security for payment
PUE-2009-00142	Atmos Energy Corporation - For authority to issue common stock
PUE-2009-00143	Virginia Electric and Power Company and Northern Virginia Electric Cooperative - For revision of certificates under the Utility Facilities Act
PUE-2010-00001	Virginia-American Water Company - For a general increase in rates
PUE-2010-00002	Northern Neck Electric Cooperative - For a revision in rates pursuant to VA Code § 56-585.3 A 2
PUE-2010-00003	Atmos Energy Corporation - For an extension of time to file its Annual Informational Filing
PUE-2010-00004	Virginia Electric and Power Co. - For approval and certificates for facilities in Arlington County: Glebe-Radnor Heights 230 kV Transmission Line; Davis-Radnor Heights 230 kV Transmission Line; Ballston-Radnor Heights 230 kV Transmission Line and Radnor Heights Substation
PUE-2010-00005	Washington Gas Light Company - For an Annual Informational Filing for the Twelve Months Ended September 30, 2009
PUE-2010-00006	Virginia Electric and Power Company - For approval to revise its Rider T rate adjustment clause pursuant to VA Code § 56-585.1 A 4
PUE-2010-00007	Energy Curtailment Specialists, Inc. - Pursuant to Chapters 752 and 855 of the 2009 Acts of the Virginia General Assembly for approval of demand response programs to be offered to retail customers
PUE-2010-00008	EnerNOC, Inc. - Pursuant to Chapters 752 and 855 of the 2009 Acts of the Virginia General Assembly for approval of demand response programs to be offered to retail customers
PUE-2010-00009	Comverge, Inc. - Pursuant to Chapters 752 and 855 of the 2009 Acts of the Virginia General Assembly for approval of demand response programs to be offered to retail customers
PUE-2010-00011	Virginia Electric and Power Company - For authority to issue debt and preferred securities
PUE-2010-00012	Virginia Electric and Power Company d/b/a Dominion Virginia Power - For approval and certification of electric facilities: Landstown - Virginia Beach 230 kV transmission line rebuild
PUE-2010-00013	Kentucky Utilities Company d/b/a Old Dominion Power Company - To revise its fuel factor pursuant to VA Code § 56-249.6
PUE-2010-00014	A&N Electric Cooperative, BARC Electric Cooperative, Central Virginia Electric Cooperative, Mecklenburg Electric Cooperative, Northern Neck Electric Cooperative, Prince George Electric Cooperative, Rappahannock Electric Cooperative, Shenandoah Valley Electric Cooperative and Southside Electric Cooperative - For conditional approval for certain identified customers to participate in the PJM Interconnection Interruptible Load for Reliability Program and Economic Load Response Program
PUE-2010-00015	Naomi G. Madsen v. Columbia Gas of Virginia, Inc. - For Review of a Dispute Regarding Estimated Billing and Service
PUE-2010-00016	Virginia-American Water Company - For approval to issue debt securities
PUE-2010-00017	Columbia Gas of Virginia, Inc. - For authority to increase rates and charges and to revise the terms and conditions applicable to gas service
PUE-2010-00018	Rappahannock Electric Cooperative - For authority to incur bridge financing from the National Rural Utilities Cooperative Financing Corporation and CoBank, ACB under Chapter 3 of Title 56 of the Code of Virginia
PUE-2010-00019	Shenandoah Valley Electric Cooperative - For authority to incur bridge financing from the National Rural Utilities Cooperative Financing Corporation under Chapter 3 of Title 56 of the Code of Virginia
PUE-2010-00021	ConocoPhillips Company - For a license to conduct business as a competitive service provider for natural gas
PUE-2010-00022	EnergyConnect, Inc. - Pursuant to Chapters 752 and 855 of the 2009 Acts of the Virginia General Assembly for approval of demand response programs to be offered to retail customers
PUE-2010-00023	Dale Service Corporation and Interstate Management, Inc., For and on Behalf of Mapledale Plaza, LLC - For extension of authority for lease agreement between affiliates
PUE-2010-00024	Constellation NewEnergy-Gas Division LLC - For a license to conduct business as a competitive service provider
PUE-2010-00025	Keswick Utilities, Inc. - For certificates to provide water and sewerage services
PUE-2010-00026	Virginia Electric and Power Company - For a determination that its plan complies with 20 VAC 5-317-10 through - 50 of the Virginia Administrative Code
PUE-2010-00027	Frances R. Liles v. Virginia Electric Power Company d/b/a Dominion Virginia Power - For a complaint concerning various issues arising out of tree-trimming and clearing activities conducted on her property
PUE-2010-00028	Appalachian Power Company - For a determination that its plan complies with 20 VAC 5-317-10 through -50 of the Virginia Administrative Code

PUE-2010-00029	Raymond R. Taylor v. Southside Electric Cooperative - To address concerns relating to the electrical service provided by Southside Electric Cooperative
PUE-2010-00030	Glacial Natural Gas, Inc. - For a license to conduct business as a competitive service provider for natural gas
PUE-2010-00031	Kentucky Utilities Company d/b/a Old Dominion Power Company - 2009 Annual Informational Filing
PUE-2010-00032	Virginia Electric and Power Company - For a certificate to construct and operate a 230 kV Transmission Line in the City of Hopewell and Prince George County and a Substation in Prince George County
PUE-2010-00033	McBride Energy Services, LLC - For a license to conduct business as a competitive service provider for electricity
PUE-2010-00034	The Potomac Edison Company d/b/a Allegheny Power - For a determination that its plan complies with 20 VAC 5-317-10 through -50 of the Virginia Administrative Code
PUE-2010-00035	Kentucky Utilities Company d/b/a Old Dominion Power Company - For a determination that its plan complies with 20 VAC 5-317-10 through -50 of the Virginia Administrative Code
PUE-2010-00036	Virginia Electric Cooperatives - For approval of Standby Service Compliance Plan
PUE-2010-00037	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 Co. pursuant to Chapter 4 of Title 56 of the Code of Virginia
PUE-2010-00038	Appalachian Power Company and AEP Appalachian Transmission Company, Inc. - For authority to enter into affiliate transactions under Chapter 4 of Title 56 of the Code of Virginia
PUE-2010-00039	Green kW Energy, Inc. - For a license to conduct business as a competitive service provider for electricity
PUE-2010-00040	C & P Isle of Wight Water Co. - For approval of the disposition of a water facility serving the subdivision known as Queen Anne's Court to Isle of Wight Water County and approval to amend C&P Isle of Wright Water Co.'s certificate
PUE-2010-00041	Virginia Natural Gas, Inc. - For an Annual Informational Filing for 2009
PUE-2010-00042	Virginia Electric and Power Company - To revise its fuel factor pursuant to VA Code § 56-249.6
PUE-2010-00043	Virginia Electric and Power Company d/b/a Dominion Virginia Power - For revised Competitive Service Provider Coordination Tariff
PUE-2010-00044	Northern Virginia Electric Cooperative - For general rate relief
PUE-2010-00045	GPC Green Energy, LLC - To amend certificate to construct and operate an electric generation facility in Suffolk, Virginia
PUE-2010-00046	Rappahannock Electric Cooperative - For approval of a demand-side management program including promotional allowances
PUE-2010-00047	Rappahannock Electric Cooperative and Shenandoah Valley Electric Cooperative - For modification of special, transitional rates
PUE-2010-00048	I. C. Thomasson Associates, Inc. - For licenses to conduct business as an aggregator and competitive service provider of natural gas and electricity
PUE-2010-00049	Virginia Electric and Power Company and Dominion Resources, Inc. - For approval of authority to issue up to $500 million in common stock to parent under Chapters 3 and 4 of Title 56 of the Code of Virginia of 1950, as amended
PUE-2010-00051	Rappahannock Electric Cooperative, Shenandoah Valley Electric Cooperative, A&N Electric Cooperative and Southside Electric Cooperative - For conditional approval for certain identified customers to participate in the PJM Interconnection Interruptible Load for Reliability Program, Demand Resource Program & Economic Load Response Program
PUE-2010-00053	Virginia Electric and Power Company and Rappahannock Electric Cooperative - For approval of the sale and purchase of utility assets pursuant to VA Code §§ 56-88 *et seq.*
PUE-2010-00054	Virginia Electric and Power Company - For approval of the annual filing as required by Final Order 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
PUE-2010-00055	Virginia Electric and Power Company d/b/a Dominion Virginia P - For revisions of rate adjustment clause: Rider R, Bear Garden Generating Station for 2011-2012
PUE-2010-00056	Allegheny Energy, Inc., FirstEnergy Corp., Trans-Allegheny Interstate Line Company and The Potomac Edison Company d/b/a Allegheny Power - For approval of the acquisition of control of The Potomac Edison Company d/b/a Allegheny Power and Trans-Allegheny Interstate Line Company by FirstEnergy Corp. pursuant to the Utility Transfers Act
PUE-2010-00057	Contentment Island, L.L.C. and Western Virginia Water Authority and - For approval of a transfer of a public utility
PUE-2010-00058	Appalachian Power Company - To revise its fuel factor pursuant to VA Code § 56-249.6
PUE-2010-00059	Virginia-American Water Company and AAET, L.P. - For authority to enter into a contract pursuant to the Affiliates Act, VA Code § 56-76 *et seq.*
PUE-2010-00060	PPL Corporation, E.ON AG, E.ON US Investments Corp., E.ON U.S. LLC and Kentucky Utilities Company d/b/a Old Dominion Power Company - For approval of transfer of ownership and control
PUE-2010-00061	Kentucky Utilities Company d/b/a Old Dominion Power Company - For authority under Chapter 3 of Title 56 of the Code of Virginia to restructure and refinance unsecured debt, to assume obligations, and for amendment to existing authority
PUE-2010-00062	Captain's Cove Utility Company, Inc. - Rule to Show Cause
PUE-2010-00063	Washington Gas Light Company - For approval to recover hexane costs and to revise tariffs
PUE-2010-00065	Massanutten Public Service Corporation - For Waiver of 2009 AIF Filing
PUE-2010-00066	Mecklenburg Electric Cooperative - For approval of a 100% Renewable Energy Tariff
PUE-2010-00067	BARC Electric Cooperative - For approval of a 100% Renewable Energy Tariff
PUE-2010-00068	Shenandoah Valley Electric Cooperative - For approval of a 100% Renewable Energy Tariff
PUE-2010-00069	Prince George Electric Cooperative - For approval of a 100% Renewable Energy Tariff
PUE-2010-00070	Virginia Natural Gas, Inc. and AGL Services Company - For approval of a revised services agreement under Chapter 4 of Title 56 of the Code of Virginia
PUE-2010-00071	Northern Virginia Electric Cooperative - For approval of a 100% Renewable Energy Tariff
PUE-2010-00072	Virginia Electric and Power Company - For approval of an extension and modifications to special rates, terms and conditions pursuant to VA Code § 56-235.2.
PUE-2010-00073	Interstate Gas Supply, Inc. d/b/a IGS Energy - For a license to conduct business as a competitive service provider of natural gas
PUE-2010-00075	Rappahannock Electric Cooperative and Central Virginia Electric Cooperative - For revision of certificates under the Utility Facilities Act
PUE-2010-00076	Shenandoah Valley Electric Cooperative - For authority to incur indebtedness
PUE-2010-00077	Roanoke Gas Company - For an expedited increase in rates
PUE-2010-00079	Washington Gas Light Company - For authority to amend its natural gas conservation and ratemaking efficiency plan
PUE-2010-00080	Central Virginia Electric Cooperative - For authority pursuant to Chapter 3 of Title 56 to finance ownership interests in Cannelton and Smithland hydroelectric generation projects

PUE-2010-00081	Aqua Virginia, Inc. and Joseph H. Quaintance, Jr. Revocable Trust - For approval of a transfer of utility assets
PUE-2010-00082	Central Virginia Electric Cooperative - For authority to incur indebtedness
PUE-2010-00083	Appalachian Natural Gas Distribution Company - For approval of a Firm Transportation Service Tariff
PUE-2010-00084	Virginia Electric and Power Co. - For approval to continue two rate adjustment clauses, Riders C1 and C2, as required by Order Approving Demand-Side Management Programs of the State Corporation Commission in Case No. PUE-2009-00081
PUE-2010-00085	Central Virginia Electric Cooperative - For approval of a 100% Renewable Energy Tariff
PUE-2010-00086	Northern Neck Electric Cooperative - For approval of a 100% Renewable Energy Tariff
PUE-2010-00087	Washington Gas Light Company - For approval of a SAVE plan and rider as provided by VA Code § 56-604
PUE-2010-00088	A&N Electric Cooperative - For approval of a 100% Renewable Energy Tariff
PUE-2010-00089	Mecklenburg Electric Cooperative - For authority to incur indebtedness
PUE-2010-00090	Craig-Botetourt Electric Cooperative - For authority to incur indebtedness
PUE-2010-00091	Manakin Farms, Inc., Manakin Water & Sewerage Corporation and Aqua Virginia, Inc. - For approval of a transfer of utility assets and a transfer of certificate
PUE-2010-00092	Rappahannock Electric Cooperative - For authority to incur indebtedness
PUE-2010-00093	Old Dominion Electric Cooperative - For acceptance of notice of election to abandon voluntary bidding program
PUE-2010-00094	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
PUE-2010-00095	Central Virginia Electric Cooperative – For general rate relief
PUE-2010-00096	Columbia Gas of Virginia, Inc. - For authority to issue long-term debt and to participate in an intrasystem money pool arrangement with an affiliate
PUE-2010-00097	Western Virginia Water Authority and Westlake Water Company, Inc. - For approval of a transfer of a public utility
PUE-2010-00098	Prince George Electric Cooperative - For authority to incur indebtedness
PUE-2010-00099	Columbia Gas of Virginia, Inc. - For authority to amend its natural gas conservation and rate making efficiency plan
PUE-2010-00100	Rappahannock Electric Cooperative - For authority to incur indebtedness
PUE-2010-00101	Columbia Gas of Virginia, Inc. - For approval of an agreement providing access to near real time operational data from Columbia Gas Transmission, LLC pursuant to Chapter 4 of Title 56 of the Code of Virginia
PUE-2010-00102	Aqua Virginia, Inc. and Mark Investment Corporation - For approval of a transfer of utility assets
PUE-2010-00103	Southside Electric Cooperative - For approval of 100% Renewable Energy Tariff
PUE-2010-00104	Virginia Electric and Power Company - For authority to establish a credit facility
PUE-2010-00105	Virginia Electric and Power Company - For authority to establish a credit facility
PUE-2010-00106	Virginia Electric and Power Company - For authority to establish a credit facility
PUE-2010-00107	In re: Virginia Electric and Power Company's Integrated Resource Plan Filing pursuant to VA Code § 56-597 *et seq.*
PUE-2010-00108	In re: Appalachian Power Company's Integrated Resource Plan, 2010 Narrative Summary
PUE-2010-00109	NRGing, LLC - For a license to conduct business as an electric and natural gas aggregator
PUE-2010-00110	Appalachian Power Company - For authority to issue long-term debt securities
PUE-2010-00111	Southside Electric Cooperative - For authority to incur indebtedness
PUE-2010-00010	CPower, Inc. - Pursuant to Chapters 752 and 855 of the 2009 Acts of the Virginia General Assembly for approval of demand response programs to be offered to retail customers
PUE-2010-00112	Botetourt Forest Water Corp. - For approval of transfer of control and transfer of stock to SLS Enterprises, Inc.
PUE-2010-00113	Atmos Energy Corporation and Atmos Energy Holdings, Inc. - For authority to incur short-term debt and to lend and borrow short-term funds to and with its affiliate
PUE-2010-00114	Mecklenburg Electric Cooperative - For authority to incur debtedness
PUE-2010-00115	PATH Allegheny Virginia Transmission Corporation - For approval and certification of electric transmission facilities under VA Code § 56-26.1 and the Utility Facilities, Act, VA Code § 56-265.1 *et seq.*
PUE-2010-00116	United Water Virginia Inc. - For extension of time to file Annual Informational Filing
PUE-2010-00117	Central Virginia Electric Cooperative - For approval out of time of purchase of electrical facilities under the Utility Transfers Act and for certification of such facilities under the Utility Facilities Act
PUE-2010-00118	United Water Virginia Inc. and Virginia-American Water Company - For exemption from the filing and prior approval requirements of the Utility Transfers Act and Affiliates Act or, alternatively, for approval of a plan of merger
PUE-2010-00119	Community Electric Cooperative - For authority to incur indebtedness
PUE-2010-00120	Rappahannock Electric Cooperative - For approval to borrow long-term debt from the U.S. Government and CoBank ACB
PUE-2010-00121	BARC Electric Cooperative - For authority to incur indebtedness
PUE-2010-00122	Kentucky Utilities Company d/b/a Old Dominion Power Company - In re: Kentucky Utilities Company d/b/a Old Dominion Power Company's Integrated Resource Plan, 2010 Narrative Summary
PUE-2010-00124	Appalachian Power Company - For waiver of certain provisions of the Rules Governing Retail Access to Competitive Energy Services
PUE-2010-00125	Virginia Electric and Power Company d/b/a Dominion Virginia Power and Southside Electric Cooperative - For revision of certificates under the Utility Facilities Act
PUE-2010-00126	South Boston Energy, LLC - For approval to construct, own and operate a nominal 49.9 MW biomass electric generating facility in Halifax County pursuant to VA Code § 56-580 D
PUE-2010-00127	Clevengers Village Utility, Inc. - For authority to transfer assets pursuant to the Utility Transfers Act and to cancel its certificates
PUE-2010-00128	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.*
PUE-2010-00129	Southwestern Virginia Gas Company - For an Annual Informational Filing for the Test Period Ending June 30, 2010
PUE-2010-00130	Brookfield Water Company, Inc. - For an increase in rates and fees
PUE-2010-00131	Northern Virginia Electric Cooperative - For approval for customers to participate in demand response programs
PUE-2010-00132	Virginia Electric and Power Company - For a declaratory judgment
PUE-2010-00133	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
PUE-2010-00134	In re: Appalachian Power Company's proposed pilot programs on dynamic rate structures for renewable generation facilities
PUE-2010-00135	In re: Virginia Electric and Power Company's proposed pilot program on dynamic rates

PUE-2010-00136	Rappahannock Electric Cooperative - For approval of Revisions to the Financial Security Agreement for Customers Utilitizing Schedule LP-2
PUE-2010-00138	Washington Gas Light Company - For authority to engage in affiliate transactions pursuant to VA Code § 56-76 *et seq.*
PUE-2010-00140	Washington Gas Light Company - For Authority to Engage in Affiliate Transaction and For Approval of an Affiliate Agreement Pursuant to VA Code § 56-76 *et seq.*
PUE-2010-00141	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 and to enter into an amended and restated utility service agreement
PUE-2010-00144	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
PUE-2010-00145	Virginia Electric and Power Company, Dominion Energy, Inc., Dominion Energy Kewaunee, Inc., Dominion Nuclear Connecticut, Inc., Dominion Technical Solutions, Inc., Dominion Transmission, Inc., The East Ohio Gas Company, and Virginia Power Energy Marketing, Inc. - For approval of affiliate services agreements and future exemption under Chapter 4 of Title 56 of the Code of Virginia
PUE-2010-00148	Potomac Electric Power Company and Virginia Electric and Power Company - For approval and certification of electric transmission facilities under VA Code § 56-46.1 and the Utility Facilities Act, VA Code § 56-265.1 *et seq.*

SEC: DIVISION OF SECURITIES AND RETAIL FRANCHISING

SEC-2007-00021	Edward D. Jones & Co., L.P. - Alleged violation of VA Code §§ 13.1-502(3), *et al.*
SEC-2008-00033	Glendle Ray Johnston - Alleged violation of VA Code §§ 13.1-507, *et al.*
SEC-2008-00041	Jonathan Keese - Alleged violations of VA Code §§ 13.1-507, *et al.*
SEC-2008-00042	Entity Professionals, LLC - Alleged violations of VA Code §§ 13.1-507, *et al.*
SEC-2009-00041	Samuel B. Jacobs, II - Alleged violation of VA Code §§ 13.1-502(2), *et al.*
SEC-2009-00043	Alliance Financial Services Corporation - Alleged violation of VA Code §§ 13.1-502(2), *et al.*
SEC-2009-00088	Log Cabin BBQ, LLC - Alleged violation of VA Code §§ 13.1-560 and 13.1-563 (4)
SEC-2009-00110	TD Ameritrade, Inc. - Alleged violation of VA Code §13.1-502(2)
SEC-2009-00112	Scott & Stringfellow, LLC - Alleged violations of VAC 5-20-260 A and B and VAC 5-20-280 A 3 and A 18
SEC-2009-00113	Capitol Securities Management, Inc. - Alleged violation of 21 VAC 5-20-260 B
SEC-2009-00114	Andrew Pilz and Tina Pilz d/b/a Skin Appeal Day Spa, Inc. - Alleged violation of VA Code §§13.1-502 (2), 13.1-504 A (i) and 13.1-507 (i)
SEC-2009-00118	Global Retailers, LLC and Bill Bussey - Alleged violation of VA Code §§ 13.1-502 (2), *et al.*
SEC-2009-00119	The Glove Lady, LLC - Alleged violation of VA Code §§ 13.1-560 and 13.1-563 (4)
SEC-2009-00120	Morgan Stanley & Co., Inc. - For multi-state settlement agreement
SEC-2009-00123	SoccerTots, Incorporated - Alleged violation of VA Code §§ 13.1-560 and 13.1-563 (4)
SEC-2009-00124	Sedona Oil & Gas Corporation and Kenneth W. Crumbley - Alleged violation of VA Code §§ 13.1-504 A (i) and 13.1-507
SEC-2009-00125	JPMorgan Chase & Co. - Alleged violations of 21 VAC 5-20-260 A and B, *et al.*
SEC-2009-00135	The Senior's Choice, Inc. and Steven Everhart - Alleged violation of VA Code §§ 13.1-560 and 13.1-563 (e)(ii)
SEC-2010-00004	CM Franchise Systems, LLC d/b/a Tacone Flavor Grill - Alleged violation of VA Code §§ 13.1-557, 13.1-560 and 13.1-563 (4)
SEC-2010-00006	Cellairis Franchise, Inc. and Kostantinos R. Skouras - Alleged violation of VA Code §§ 13.1-563 (b), *et al.*
SEC-2010-00007	Frank W. Burks - Alleged violation of VA Code §§ 13.1-560 and 13.1-563 (4)
SEC-2010-00009	Vanessa G. Vergnetti - Alleged violation of VA Code §§ 13.1-502 (2), *et al.*
SEC-2010-00010	Sagebrush Treatment, Inc. - Alleged violation of VA Code §§ 13.1-504 B, *et al.*
SEC-2010-00018	Adam & Eve - Alleged violation of VA Code §§ 13.1-557, 13.1-560 and 13.1-563 (4) (ii)
SEC-2010-00019	Norvell Awning Group, LLC - Alleged violation of VA Code § 13.1-507
SEC-2010-00020	Life Partners, Inc. - Alleged violation of VA Code § 13.1-507
SEC-2010-00021	In the matter of Adopting a Revision to the Rules Governing the Virginia Retail Franchising Act
SEC-2010-00022	In the matter of Adopting a Revision to the Rules Governing the Virginia Securities Act
SEC-2010-00023	Wells Fargo Investments, LLC - Alleged violation of VAC 5-20-260 A and B
SEC-2010-00024	Baptist General Conference Cornerstone Fund d/b/a Converge Cornerstone Fund - For an Order of Exemption pursuant to VA Code § 13.1- 514.1 B
SEC-2010-00025	National Covenant Properties - For an Order of Exemption pursuant to VA Code § 13.1- 514.1 B
SEC-2010-00026	Dennis M. Butts, DMB Sports Property, *et al.*, DMB Sports Entertainment Group, Inc., DMB Sports Property Development & Management Group, Inc., DMB Sports Medical Services Group, Inc., DMB Sports Marketing Group, Inc., DMB Sports International Holdings, Inc. and Digital Media Broadcasting Corporation - Alleged violations of VA Code §§ 13.1-507, 13.1-504 B, *et al.*
SEC-2010-00028	Robert Christian - Alleged violation of VA Code §§ 13.1-557, 13.1-560 and13.1-563 (4) (ii)
SEC-2010-00029	UBS Securities, LLC and UBS Financial Services, Inc. - Alleged violation of VAC 5-20-260 A and B, *et al.*
SEC-2010-00031	Christian Investors Foundation - For an Order of Exemption pursuant to VA Code § 13.1-514.1 B
SEC-2010-00032	Dream Dinners, Inc. - Alleged violation of VA Code §13.1-563 (2)
SEC-2010-00033	Douglas Aquatics, Inc. - Alleged violation of VA Code §§13.1-560, 13.1-563 (2), 13.1-563 (4) and Rule 21 VAC 5-110-95
SEC-2010-00034	Blue Ridge Bible Church - For an Order of Exemption pursuant to VA Code § 13.1-514.1 B
SEC-2010-00037	Crystal G. Speeks-Strohecker d/b/a Credit Medic Financial Services, Inc. - Alleged violation of VA Code §§ 13.1-560, 13.1-563 (2) and 13.1-563 (4)
SEC-2010-00038	Jay P. Mechling - To vacate and set aside all proceedings against Petitioner, including Final Order in Judgment issued 10/26/84
SEC-2010-00040	Window Gang Ventures Corporation - Alleged violation of VA Code §§ 13.1-563 (b), *et al.*
SEC-2010-00041	Church Extension Investors Fund, Inc. - For an Order of Exemption pursuant to VA Code § 13.1-514.1 B
SEC-2010-00042	Mission Investment Fund of the Evangelical Lutheran Church in America - For an Order of Exemption pursuant to VA Code § 13.1-514.1 B
SEC-2010-00043	Timothy McCullen - Alleged violation of VA Code §§ 13.1-563(2) and 13.1-563(4)
SEC-2010-00044	Gratian Michael Yatsevitch - Alleged violation of VA Code §§ 13.1-507, *et al.*
SEC-2010-00045	The George Washington National Memorial Cemetery and Garden, LLC - Alleged violation of VA Code §§ 13.1-507, *et al.*

SEC-2010-00050	The Free Methodist Foundation - For an Order of Exemption pursuant to VA Code § 13.1-514.1 B
SEC-2010-00052	Robert Teague - Alleged violation of VA Code §§ 13.1-560 and 13.1-563 (4)
SEC-2010-00053	Leland O. Stevens - Alleged violation of VA Code §§ 13.1-502 (2) and 13.1-507
SEC-2010-00054	Great American Advisors, Inc. - Alleged violation of VA Code §§ 13.1-502 (2) and 13.1-507
SEC-2010-00057	Julius Everett Johnson d/b/a North Carolina Group Benefits, Inc. - Alleged violation of VA Code §§ 13.1-507, *et al.*
SEC-2010-00058	Public Benefit Consultants, Inc. - Alleged violation of VA Code §§ 13.1-507, *et al.*
SEC-2010-00059	Scott McCormick - Alleged violation of VA Code §§ 13.1-504 A (ii) and 13.1-504 C (i)
SEC-2010-00030	Play N Trade Franchise, Inc. - Alleged violation of VA Code § 13.1-563 (2) and Rule 21 VAC 5-110-95
SEC-2010-00060	Virginia Frances Thompson - For special supervision order
SEC-2010-00062	Davenport & Company LLC - Alleged violations of VAC 5-20-260 A and B and VAC 5-20-280 A 3
SEC-2010-00071	VB Capital Corporation - Alleged violation of VA Code §§ 13.1-502, *et al.*
SEC-2010-00072	UBS Financial Services, Inc. - Alleged violation of 21 VAC 5-20-280 A (3), *et al.*
SEC-2010-00073	Mark Christopher Hughes - Alleged violation of 21 VAC 5-20-280 B (6), *et al.*
SEC-2010-00074	Zarham Dikici - Alleged violation of VA Code §§ 13.1-502, *et al.*
SEC-2010-00075	Irving Vincent Boberski - Alleged violation of VA Code §§ 13.1-504 A (ii) and 13.1-504 C (i)
SEC-2010-00078	Nansemond River Baptist Church - For an Order of Exemption pursuant to VA Code § 13.1-514.1 B
SEC-2010-00079	Hanover Evangelical Friends Church - For an Order of Exemption pursuant to VA Code § 13.1-514.1 B
SEC-2010-00081	First Baptist Church, South Hill, Virginia - For an Order of Exemption pursuant to VA Code § 13.1-514.1 B
SEC-2010-00087	Lutheran Church Extension Fund-Missouri Synod - For an Order of Exemption pursuant to VA Code § 13.1-514.1 B
SEC-2010-00089	WELS Church Extension Fund, Inc. - For an Order of Exemption pursuant to VA Code § 13.1-514.1 B

URS: DIVISION OF UTILITY AND RAILROAD SAFETY

URS-2008-00604	Comcast Cable Communications, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2009-00019	AMA Construction Company, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2009-00043	Virginia Natural Gas, Inc. - Alleged violation of Federal Pipeline Safety Act
URS-2009-00054	Adriatic Construction of Richmond, LLC - Alleged violation of VA Code § 56-265.17 A
URS-2009-00064	L. W. Feather - Alleged violation of VA Code § 56-265.17 A
URS-2009-00084	Portugal Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2009-00120	Christiansburg Electrical and Plumbing Incorporated - Alleged violation of VA Code § 56-265.17 A
URS-2009-00163	Casper Colosimo & Son, Inc. - Alleged violation of VA Code §§ 56-265.17 D, *et al.*
URS-2009-00180	JCB Construction Co., Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2009-00207	L E Blizzard Grading, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2009-00227	Midasco VA LLC - Alleged violation of VA Code § 56-265.18
URS-2009-00231	Williams Mechanical Contracting Corporation, VA - Alleged violation of VA Code § 56-265.17 A
URS-2009-00249	E. W. Brown Plumbing and Heating, Inc. - Alleged violation of VA Code § 56-265.17 D
URS-2009-00251	Jack L. Massie Contractor, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2009-00265	Promark Utility Locators, Inc. - Alleged violation of VA Code § 56-265.19 A
URS-2009-00271	Tate & Hill, Inc. - Alleged violation of VA Code § 56-265.24 B
URS-2009-00281	Environmental Erosion Control, L.L.C. - Alleged violation of VA Code § 56-265.24 A
URS-2009-00296	JCB Construction Co., Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2009-00300	Rick L. Kegley - Alleged violation of VA Code § 56-265.17 A
URS-2009-00302	Fort Myer Construction Corporation - Alleged violation of VA Code § 56-265.24 A
URS-2009-00322	One Vision Utility Services, LLC - Alleged violation of VA Code § 56-265.19 A
URS-2009-00326	Atmos Energy Corporation - Alleged violation of Federal Pipeline Safety Standards
URS-2009-00335	Parrish Construction Services, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2009-00338	Virginia Natural Gas Inc. - Alleged violation of Federal Pipeline Safety Standards
URS-2009-00363	E. V. Williams, Inc. - Alleged violation of VA Code § 56-265.17 C
URS-2009-00367	C & F Auction, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2009-00376	JCB Construction Co., Inc. - Alleged violation of VA Code §§ 56-265.17 D, *et al.*
URS-2009-00377	JNET Communications I, LLC - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2009-00381	Utiliquest, LLC - Alleged violation of VA Code §§ 56-265.19 A, *et al.*
URS-2009-00388	Statewide Plumbing, LLC - Alleged violation of VA Code § 56-265.17 A
URS-2009-00389	Wells Construction Co., Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2009-00392	Garden Designer and Landscaping, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2009-00394	M.T.S. Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2009-00395	Roto Rooter Services Company - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2009-00396	S&N Communications, Inc. - Alleged violation of VA Code §§ 56-265.18, *et al.*
URS-2009-00397	Willy Construction LLC - Alleged violation of VA Code § 56-265.17 A
URS-2009-00400	Peters and White Construction Company - Alleged violation of VA Code § 56-265.17 D
URS-2009-00407	Aqua Virginia, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2009-00411	Smithson Land Clearing LC - Alleged violation of VA Code § 56-265.17 A
URS-2009-00412	The Fishel Company - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2009-00416	Columbia Gas of Virginia, Inc. - Alleged violation of VA Code §§ 56-265.19 A, *et al.*
URS-2009-00420	Utiliquest, LLC - Alleged violation of VA Code §§ 56-265.19 A, *et al.*
URS-2009-00422	Colony Construction, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2009-00423	Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A
URS-2009-00424	Couch Construction Company, Inc. - Alleged violation of VA Code § 56-265.17 B
URS-2009-00425	Fiber Technologies, Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2009-00426	Marotta & Sons LLC - Alleged violation of VA Code § 56-265.17 C
URS-2009-00428	DLB, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2009-00429	McDonald Plumbing, L.L.C. - Alleged violation of VA Code § 56-265.17 A

URS-2009-00430	Alexander and Son Excavating and Landscaping Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2009-00432	Boyer Well Drilling - Alleged violation of VA Code § 56-265-17 A
URS-2009-00433	DCI/Shires, Inc. - Alleged violation of VA Code § 56-265.17 D
URS-2009-00434	Quality Cut Tree Service - Alleged violation of VA Code § 56-265.17 A
URS-2009-00436	Stophel Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2009-00437	Trumbo Electric, Incorporated - Alleged violation of VA Code § 56-265.17 A
URS-2009-00438	Matthew Cipcic, Individually and t/a Cipcic Enterprises - Alleged violation of VA Code § 56-265.17 A
URS-2009-00442	Vico Construction Corporation - Alleged violation of VA Code §§ 56-265.17 C, *et al.*
URS-2009-00443	Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A
URS-2009-00445	Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A
URS-2009-00447	One Vision Utility Services, LLC - Alleged violations of VA Code § 56-265.19 A
URS-2009-00448	Promark Utility Locators, Inc. - Alleged violation of VA Code § 56-265.19 A
URS-2009-00449	Total Engineering, Inc. - Alleged violation of VA Code § 56-265.17 D
URS-2009-00450	Utiliquest, LLC - Alleged violation of VA Code §§ 56-265.19 A, *et al.*
URS-2009-00451	Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A
URS-2010-00001	B. G. Nelson, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00002	Down Below, LLC - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2010-00003	Earth Retention Systems, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00004	Scoggins Excavating, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00006	Acker Underground LLC - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2010-00008	Chesapeake Fence & Awning Co., Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2010-00009	Electrical & Lighting Solutions, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00012	Global Services & Systems, Inc. - Alleged violation of VA Code §§ 56-265.24, *et al.*
URS-2010-00014	Juan Jose Candido - Alleged violation of VA Code § 56-265.17 A
URS-2010-00016	The Fishel Company - Alleged violation of VA Code § 56-265.24 A
URS-2010-00017	TIVEST Developments, LLC - Alleged violation of VA Code § 56-265.17 A
URS-2010-00018	Virginia Utility Protection Service, Inc. - Alleged violation of 20 VAC 5-300-90 C 16
URS-2010-00019	ARAMAA Plumbing, LLC - Alleged violation of VA Code § 56-265.17 A
URS-2010-00020	Casper Colosimo & Son, Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2010-00021	C.M.H., Inc. t/a Cropp Metcalfe - Alleged violation of VA Code § 56-265.17 A
URS-2010-00022	Custom Creations LLC - Alleged violation of VA Code § 56-265.17 A
URS-2010-00023	G. N. Contracting, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00025	Leo Construction Company - Alleged violation of VA Code §§ 56-265.24 C, *et al.*
URS-2010-00026	Morales Installers - Alleged violation of VA Code § 56-265.17 A
URS-2010-00027	Smartech Communications, LLC - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2010-00028	Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A
URS-2010-00030	Atlantic Heating & Cooling Service, Inc. - Alleged violation of VA Code § 56-265.17 B
URS-2010-00031	Bush's Electric Co. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00032	Cornerstone Site Works, Inc. t/a CSW, Inc. - Alleged violation of VA Code §§ 56-265.17 A
URS-2010-00033	D. A. Foster Company - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2010-00034	E. W. Brown Plumbing and Heating, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00035	Kernodle Custom Company - Alleged violation of VA Code § 56-265.17 A
URS-2010-00036	Mallory Electric Co. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2010-00037	Mastec North America, Inc. - Alleged violation of VA Code § 56-265.17 C
URS-2010-00038	Nathan Krauss General Contracting - Alleged violation of VA Code § 56-265.17 A
URS-2010-00039	Peanut City Vegetable Oil Co. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2010-00040	Precon Construction Company - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2010-00041	River City Construction, Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2010-00042	S. B. Ballard Construction Co. - Alleged violation of VA Code § 56-265.24 A
URS-2010-00043	Tidewater Utility Construction, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2010-00044	Columbia Gas of Virginia Inc. - Alleged violation of VA Code §§ 56-265.19 A, *et al.*
URS-2010-00045	DLB, Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2010-00046	G. L. Howard, Inc. - Alleged violation of VA Code §§ 56-265.17 D, *et al.*
URS-2010-00047	One Vision Utility Services, LLC - Alleged violation of VA Code §§ 56-265.19 A, *et al.*
URS-2010-00048	Promark Utility Locators, Inc. - Alleged violation of VA Code §§ 56-265.19 A, *et al.*
URS-2010-00049	Roanoke Gas Company - Alleged violation of VA Code §§ 56-265.19 A, *et al.*
URS-2010-00050	Utiliquest, LLC - Alleged violation of VA Code §§ 56-265.19 A, *et al.*
URS-2010-00051	Virginia Natural Gas, Inc. - Alleged violation of VA Code §§ 56-265.19 A, *et al.*
URS-2010-00052	Washington Gas Light Company - Alleged violations of VA Code §§ 56-265.19 A, *et al.*
URS-2010-00053	Columbia Gas of Virginia, Inc. - Alleged violation of Federal Pipeline Safety Standards
URS-2010-00054	Washington Gas Light Company - Alleged violation of Federal Pipeline Safety Standards
URS-2010-00055	Appalachian Natural Gas Distribution Company - Alleged violation of Federal Pipeline Safety Standards
URS-2010-00056	Suffolk Transmission Partners, LP - Alleged violation of Federal Pipeline Safety Standards
URS-2010-00058	D. L. Campbell Repairs - Alleged violation of VA Code § 56-265.24 D
URS-2010-00059	Land Tech Group of Virginia, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00060	Dwayne Jefferson t/a Roto Rooter Services Company - Alleged violation of VA Code § 56-265.17 A
URS-2010-00061	Clifton-Stewart Developers, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00062	H-H of Va., LLC - Alleged violation of VA Code § 56-265.17 A
URS-2010-00063	Infrasource Underground Construction Services, LLC - Alleged violation of VA Code § 56-265.24 C and 20 VAC 5-309-180
URS-2010-00065	JCB Construction Co., Inc. - Alleged violation of VA Code § 56-265.24 B
URS-2010-00066	Atlantic Construction Fabrics, Inc. t/a Landsaver Environmental - Alleged violation of VA Code § 56-265.17 A
URS-2010-00067	Precon Construction Company - Alleged violation of VA Code §§ 56-265.24 A, *et al.*

URS-2010-00068 Robbie Roberson - Alleged violation of VA Code § 56-265.17 A
URS-2010-00069 Spiniello Construction Company - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2010-00071 Basic Construction Company, L.L.C. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2010-00072 Innerview, Ltd. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2010-00073 Peters and White Construction Company - Alleged violation of VA Code § 56-265.17 A
URS-2010-00076 The Fishel Company - Alleged violation of VA Code § 56-265.17 C
URS-2010-00079 De-Tech Services, Inc. - Alleged violation of VA Code § 56-265.19 A
URS-2010-00080 Green Village Concrete, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00081 One Vision Utility Services, LLC - Alleged violation of VA Code § 56-265.19 A
URS-2010-00082 Promark Utility Locators, Inc. - Alleged violation of VA Code § 56-265.19 A
URS-2010-00083 Trafford Corporation - Alleged violation of VA Code §§ 56-265.24 A, 56-265.17 A and 20 VAC 5-309-90 1
URS-2010-00084 Utiliquest, LLC - Alleged violation of VA Code §§ 56-265.19 H and 56-265.19 A
URS-2010-00085 Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A
URS-2010-00086 Washington Gas Light Company - Alleged violation of VA Code §§ 56-265.19 A, *et al.*
URS-2010-00088 E. E. Lyons Const. Co., Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2010-00089 G. N. Contracting, Inc. - Alleged violation of VA Code § 56-265.17 D
URS-2010-00090 J&L Utility Construction, Inc. - Alleged violation of VA Code §§ 56-265.24 C, *et al.*
URS-2010-00091 Jose Juarez Tinajero - Alleged violation of VA Code § 56-265.17 A
URS-2010-00092 Leo Construction Company - Alleged violation of VA Code §§ 56-265.24, A, *et al.*
URS-2010-00093 Mason Quality Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00094 E. V. Williams, Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2010-00095 G. R. Mann & Co., Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2010-00097 T. A. Sheets Mechanical General Contractor, Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2010-00098 Village Concrete Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00099 Wedigit, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00100 DLB, Inc. - Alleged violation of VA Code § 56-265.24 C
URS-2010-00101 Portland Utilities Construction Co., LLC - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2010-00103 Cat-Track Excavating, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00104 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code §§ 56-265.19 A, *et al.*
URS-2010-00105 Virginia Electric & Power Company - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2010-00106 Computer Cabling & Technology Services, Inc. t/a Computer Cabling & Technology Services - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2010-00107 JCB Construction Co., Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2010-00108 One Vision Utility Services, LLC - Alleged violation of VA Code §§ 56-265.19 A, *et al.*
URS-2010-00109 Promark Utility Locators, Inc. - Alleged violation of VA Code §§ 56-265.19 H, *et al.*
URS-2010-00110 Utiliquest, LLC - Alleged violation of VA Code §§ 56-265.19 A
URS-2010-00111 Virginia Natural Gas, Inc. - Alleged violation of VA Code §§ 56-265.19 A, *et al.*
URS-2010-00112 Washington Gas Light Company - Alleged violation of VA Code §§ 56-265.19 A, *et al.*
URS-2010-00113 Chesapeake Geosystems, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00114 Country Excavating, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00117 Kane Landscapes, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00118 McKim Construction Company - Alleged violation of VA Code § 56-265.17 A
URS-2010-00119 Sagres Construction Corporation - Alleged violation of VA Code § 56-265.24 A and 20 VAC 5-309-140 5
URS-2010-00120 Wells Contractors Service, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00121 Diamond Contracting LLC - Alleged violation of VA Code § 56-265.17 A
URS-2010-00122 Facchina Construction Company, Inc. - Alleged violation of VA Code § 56-265.17 D
URS-2010-00123 Henderson Construction Co. Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2010-00124 Jewels, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00125 Mastec North America, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00126 Peanut City Vegetable Oil Co. - Alleged violation of VA Code § 56-265.24 A
URS-2010-00127 The Lane Construction Corporation t/a Virginia Paving Company - Alleged violation of VA Code § 56-265.17 A
URS-2010-00128 Whaley Excavating, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00129 B & D Excavating, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00130 Cooper & Claiborne Construction, Inc. - Alleged violation of VA Code § 56-265.24 A and 20 VAC 5-309-140 3
URS-2010-00131 Henkels & McCoy, Inc. - Alleged violation of VA Code § 56-265.24 A and 20 VAC 5-309-140 2
URS-2010-00132 JNET Communications I LLC - Alleged violation of VA Code § 56-265.24 A
URS-2010-00133 Lyttle Utilities, Incorporated - Alleged violation of VA Code § 56-265.24 A and 20 VAC 5-309-140 2
URS-2010-00134 Scott Whittaker - Alleged violation of VA Code §§ 56-265.17 A and 56-265.24 A
URS-2010-00135 The Anderson Company, L.L.C. - Alleged violation of VA Code § 56-265.24 C
URS-2010-00137 Virginia Utility Protection Service, Inc. - Alleged violation of VA Code § 56-265.22 A
URS-2010-00138 William B. Hopke Co. Inc. - Alleged violation of VA Code § 56-265.24 A and 20 VAC 5-309-140 2
URS-2010-00139 ACS Home Entertainment Gallery, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00140 Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A
URS-2010-00141 Consultants Unlimited, Inc. - Alleged violation of VA Code § 56-265.24 A and 20 VAC 5-309-150 6
URS-2010-00142 Frank Gravely - Alleged violation of VA Code § 56-265.17 A
URS-2010-00143 Graham Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00145 J.C.L., Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00146 Jackson Jones Construction - Alleged violation of VA Code § 56-265.17 A
URS-2010-00148 Compo Construction Company - Alleged violation of VA Code § 56-265.17 A
URS-2010-00150 Larry Stevenson - Alleged violation of VA Code § 56-265.17 A
URS-2010-00151 Parkway Grading, Inc. - Alleged violation of VA Code § 56-265.24 A and 20 VAC 5-309-140 2
URS-2010-00152 Top 2 Bottom Construction, LLC - Alleged violation of VA Code § 56-265.17 A

URS-2010-00153	Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A and 20 VAC 5-309-160
URS-2010-00154	De-Tech Services, Inc. - Alleged violation of VA Code § 56-265.19 A and 20 VAC 5-309-110 M
URS-2010-00156	GW Communications, LLC - Alleged violation of VA Code § 56-265.24 F
URS-2010-00157	JCB Construction Co., Inc. - Alleged violation of VA Code §§ 56-265.24 A, 56-265.17 B and 56-265.24 B
URS-2010-00158	Leo Construction Company - Alleged violation of VA Code §§ 56-265.24 B, 56-265.24 A, 20 VAC 5-309-140 2 and 20 VAC 5-309-140 4
URS-2010-00159	New York Concrete Corp. - Alleged violation of VA Code §§ 56-265.24 A, 56-265.24 D, 56-265.24 E and 20 VAC 5-309-140 2
URS-2010-00160	One Vision Utility Services, LLC - Alleged violation of VA Code § 56-265.19 A
URS-2010-00161	Promark Utility Locators, Inc. c/o Consolidated Utility Services, Inc. - Alleged violation of VA Code § 56-265.19 A and 20 VAC 5-309-110 M
URS-2010-00162	Utiliquest, LLC - Alleged violation of VA Code §§ 56-265.19 A, *et. al.*
URS-2010-00163	Verizon Virginia Inc. - Alleged violation of VA Code § 56-265.26:1
URS-2010-00164	Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A and 20 VAC 5-309-160
URS-2010-00165	Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A
URS-2010-00166	Washington Gas Light Company - Alleged violation of Federal Pipeline Safety Standards
URS-2010-00168	Affordable Paving by Wells, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00169	AllSite Contracting, LLC - Alleged violation of VA Code § 56-265.17 A
URS-2010-00170	Berry Home Centers, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00171	Bildel Corporation - Alleged violation of VA Code § 56-265.24 B
URS-2010-00172	Cableview Communications of Jacksonville, Inc. - Alleged violation of VA Code § 56-265.24 A and 20 VAC 5-309-140 2
URS-2010-00173	D&F Construction, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2010-00176	Joseph E. Kent Excavating Company, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2010-00179	Rooter Out - Alleged violation of VA Code § 56-265.17 A
URS-2010-00180	Ross Tree Service, Ltd. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00181	Rountree Construction Co., Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2010-00183	Tug Hill Carpentry - Alleged violation of VA Code § 56-265.17 A
URS-2010-00184	Village Concrete Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00186	JC Roman Construction Company, LLC - Alleged violation of VA Code §§ 56-265.24, 56-265.18 and 20 VAC 5-309-140 2
URS-2010-00187	S. J. Conner and Sons Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00189	Innerview, Ltd. - Alleged violation of VA Code § 56-256.24 A and 20 VAC 5-309-140 3
URS-2010-00190	Insight, LLC - Alleged violation of VA Code § 56-265.17 A
URS-2010-00191	J. S. C. Concrete Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00192	Peters and White Construction Company - Alleged violation of VA Code § 56-265.24 A and 20 VAC 5-309-140 3
URS-2010-00193	The Fishel Company - Alleged violation of VA Code § 56-265.24 A and 20 VAC 5-309-150 6
URS-2010-00194	Valleycrest Landscape Maintenance, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00196	Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A and 20 VAC 5-309-160
URS-2010-00197	Snow Knows, Inc. t/a Snow's Garden Center - Alleged violation of VA Code § 56-265.17 A
URS-2010-00198	Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A
URS-2010-00199	Comcast of Chesterfield County, Inc. - Alleged violation of VA Code § 56-265.26:1
URS-2010-00200	One Vision Utility Services, LLC - Alleged violation of VA Code § 56-265.19 A and 20 VAC 5-309-110 M
URS-2010-00201	Promark Utility Locators, Inc. - Alleged violation of VA Code § 56-265.19 A and 20 VAC 5-309-110 M
URS-2010-00202	Utiliquest, LLC - Alleged violation of VA Code § 56-265.19 A and 20 VAC 5-309-110 M
URS-2010-00203	Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A and 20 VAC 5-309-160
URS-2010-00204	Roanoke Gas Company - Alleged violation of Federal Pipeline Safety Standards
URS-2010-00205	Atmos Energy Corporation - Alleged violation of Federal Pipeline Safety Standards
URS-2010-00206	Cable Operations Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00207	City Concrete Corp.- Alleged violation of VA Code § 56-265.17 A
URS-2010-00208	Clifton Contracting - Alleged violation of VA Code § 56-265.17 A
URS-2010-00209	D&F Construction, Inc. - Alleged violation of VA Code §§ 56-265.24 A and 20 VAC 5-309-140 2
URS-2010-00210	GW Communications, LLC - Alleged violation of VA Code § 56-265.24 F
URS-2010-00212	Northern Virginia Electric Cooperative - Alleged violation of VA Code § 56-265.19 A
URS-2010-00214	Roger D. Noell Pump Sales & Service - Alleged violation of VA Code § 56-265.17 A
URS-2010-00215	S&N Communications, Inc. - Alleged violation of VA Code § 56-265.19 A
URS-2010-00217	From the Ground Up Landscaping, LLC - Alleged violation of VA Code § 56-265.17 A
URS-2010-00219	Partners Excavating Co. - Alleged violation of VA Code § 56-265.24 B
URS-2010-00220	The Fishel Company - Alleged violation of VA Code § 56-265.24 A and 20 VAC 5-309-150 6
URS-2010-00221	Weatherman & Sons, L.L.C. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00222	Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A
URS-2010-00223	Innerview, Ltd. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2010-00225	Peters and White Construction Company - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2010-00226	Cable Protection Services, Inc. - Alleged violation of VA Code § 56-265.19 A
URS-2010-00227	Colony Management Corporation - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2010-00228	Go Green, L.L.C. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00229	Lee Electrical Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00231	Phoenix Home Services, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00232	Titan Erosion Control, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2010-00233	Homework Remodeling, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00234	John H. Morgal Plumbing - Alleged violation of VA Code § 56-265.17 A
URS-2010-00235	LCJ Enterprises Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00239	River Construction Company of Virginia, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00240	Columbia Gas of Virginia, Inc. - Alleged violation of VA Code §§ 56-265.19 A, *et al.*
URS-2010-00241	De-Tech Services, Inc. - Alleged violation of VA Code § 56-265.19 A

URS-2010-00242 JC Roman Construction Company, LLC - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2010-00243 KS Communication, Inc. - Alleged violation of VA Code §§ 56-265.24 C, *et al.*
URS-2010-00244 One Vision Utility Services, LLC - Alleged violation of VA Code §§ 56-265.19 A, *et al.*
URS-2010-00245 Peanut City Vegetable Oil Co. - Alleged violation of VA Code § 56-265.24
URS-2010-00246 Promark Utility Locators, Inc. - Alleged violation of VA Code §§ 56-265.19 A, *et al.*
URS-2010-00247 Tidewater Concrete Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00248 Utiliquest, LLC - Alleged violation of VA Code §§ 56-265.19 A, *et al.*
URS-2010-00249 Verizon Virginia Inc. - Alleged violation of VA Code § 56-265.26:1
URS-2010-00250 Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A
URS-2010-00251 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A
URS-2010-00252 Buchanan & Rice Contractors, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2010-00253 Davis H. Elliot Company, Incorporated - Alleged violation of VA Code §§ 56-265.17 A, *et al.*
URS-2010-00254 Guy C. Eavers Excavating Corp. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00255 LCS Site Services, LLC - Alleged violation of VA Code § 56-265.17 A
URS-2010-00256 Perkinson Construction, L.L.C. - Alleged violation of VA Code § 56-265.24 A
URS-2010-00257 T & B Drilling & Electric Inc. - Alleged violation of VA Code § 56-26517 A
URS-2010-00258 T. A. Sheets Mechanical General Contractor, Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2010-00260 Re Ry, LLC t/a Affordable Lawn Sprinklers - Alleged violation of VA Code § 56-265.24 A and 20 VAC 5-209-140 2
URS-2010-00261 Aspen Landscape Contractors, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00263 DRL Services, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00264 Joe Bandy and Son, Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2010-00265 KS Communication, Inc. - Alleged violation of VA Code § 56-265.18
URS-2010-00266 L & S Utility Contractors - Alleged violation of VA Code § 56-265.24 A and 20 VAC 5-309-150 6
URS-2010-00267 M & W Construction Corp. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2010-00268 Power Enterprises, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00270 Scott S. Dickerson - Alleged violation of VA Code § 56-265.17 A
URS-2010-00271 Trafford Corporation - Alleged violation of VA Code § 56-265.24 A, 20 VAC 5-309-150 4, 20 VAC 5-309-150 6 and 20 VAC 5-309-150 8
URS-2010-00273 A & W Contractors, Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2010-00274 Cardinal Outdoor Solutions, LLC - Alleged violation of VA Code § 56-265.17 A
URS-2010-00277 A. L. Glunt Landscape Designs, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00278 Bract Retaining Walls and Excavating LLC - Alleged violation of VA Code § 56-265.17 A
URS-2010-00279 E. V. Williams, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2010-00280 Gull Corporation - Alleged violation of VA Code § 56-265.17 A
URS-2010-00282 Peed Plumbing, Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2010-00283 A Prolawn Service Corporation - Alleged violation of VA Code § 56-265.17 A
URS-2010-00284 Roadrunner Enterprises, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00285 S & S Concrete, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00286 Sagres Construction Corporation - Alleged violation of VA Code § 56-265.24 A
URS-2010-00287 Triple Creek Landscaping and Irrigation - Alleged violation of VA Code § 56-265.24 A
URS-2010-00291 Deckorators Design & Build LLC - Alleged violation of VA Code § 56-265.17 A
URS-2010-00292 KT & T Services, LLC - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2010-00293 Mudd Man Concrete Services, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00294 NPL Construction Co. - Alleged violation of VA Code § 56-265.24 A
URS-2010-00295 Precon Construction Company - Alleged violation of VA Code § 56-265.24 A, 20 VAC 5-309-140 2 and 20 VAC 5-309-140 4
URS-2010-00296 Roanoke Gas Company - Alleged violation of VA Code § 56-265.19 A
URS-2010-00297 The Brothers Signal Company - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2010-00298 Toano Well and Pump Service Co. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00299 Verizon Virginia Inc. - Alleged violation of VA Code § 56-265.26:1
URS-2010-00300 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A
URS-2010-00301 D. A. Foster Company - Alleged violation of VA Code §§ 56-265.18, *et al.*
URS-2010-00303 One Vision Utility Services, LLC - Alleged violation of VA Code §§ 56-265.19 A, *et al.*
URS-2010-00304 Promark Utility Locators, Inc. - Alleged violation of VA Code § 56-265.19 A
URS-2010-00305 S&N Communications, Inc. - Alleged violation of VA Code § 56-265.18
URS-2010-00306 Utiliquest, LLC - Alleged violation of VA Code § 56-265.19 A
URS-2010-00307 Virginia Natural Gas, Inc. - Alleged violation of VA Code §§ 56-265.19 A, *et al.*
URS-2010-00308 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A
URS-2010-00311 Contracting Unlimited, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00312 JC Roman Construction Company, LLC - Alleged violation of VA Code § 56-265.24 A, *et al.*
URS-2010-00313 Joseph E. Kent Excavating Company, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00314 M & W Construction Corp. - Alleged violation of VA Code § 56-265.24 A and 20 VAC 5-309-140 2
URS-2010-00316 Saunders Construction Co. - Alleged violation of VA Code § 56-265.24 A
URS-2010-00317 T. A. Sheets Mechanical General Contraction, Inc. - Alleged violation of VA Code § 56-265.24 A and 20 VAC 5-309-140 2
URS-2010-00318 Tidewater Utility Construction, Inc. - Alleged violation of VA Code § 56-265.24 A and 20 VAC 5-309-140 2
URS-2010-00319 W. P. Large, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00320 Advance Lawn Sprinklers & Landscaping, LLC - Alleged violation of VA Code § 56-265.17 A
URS-2010-00321 Bright Masonry, Incorporated - Alleged violation of VA Code § 56-265.17 A
URS-2010-00322 De-Tech Services, Inc. - Alleged violation of VA Code § 56-265.19 A
URS-2010-00323 Innovative Utilities & Construction, LLC - Alleged violation of VA Code § 56-265.24 A and 20 VAC 5-309-140 2
URS-2010-00324 Owens Landscaping & Lawn Care, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00328 Sowers Construction Co., Inc. - Alleged violation of VA Code § 56-265.24 A and 20 VAC 5-309-140 2
URS-2010-00330 Ashburn Contracting Corporation - Alleged violation of VA Code § 56-265.17 A

URS-2010-00331	KT & T Services, LLC - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2010-00332	United Foundations, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00333	Casper Colosimo & Son, Inc. - Alleged violation of VA Code § 56-265.24 A and 20 VAC 5-309-140 4
URS-2010-00335	KS Communication, Inc. - Alleged violation of VA Code § 56-265.18
URS-2010-00336	Southern Construction Utilities, Inc. t/a Southern Construction Co. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00337	W. C. Spratt Incorporated - Alleged violation of VA Code § 56-265.24 A and 20 VAC 5-309-140 4
URS-2010-00338	Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A
URS-2010-00341	Promark Utility Locators, Inc. - Alleged violations of VA Code § 56-265.19 A and 20 VAC 5-309-110 M
URS-2010-00342	Utiliquest, LLC - Alleged violations of VA Code § 56-265.19 A and 20 VAC 5-309-110 M
URS-2010-00343	Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A
URS-2010-00344	Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A
URS-2010-00345	Leo Construction Company - Alleged violation of VA Code § 56-265.24 and 20 VAC 5-309-140 2
URS-2010-00347	Precon Construction Company - Alleged violation of VA Code §§ 56-265.24 A, 56-265.24 C and 20 VAC 5-309-140 2
URS-2010-00349	Coastal Tanks, Ltd. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00352	Peters and White Construction Company - Alleged violation of VA Code § 56-265.24 A
URS-2010-00354	Fairfax Excavation & Paving Company, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00356	Beckstrom Electric, Co. - Alleged violation of VA Code § 56-265.24 A and 20 VAC 5-309-140 2
URS-2010-00357	Eddie Johnson - Alleged violation of VA Code § 56-265.17 A
URS-2010-00358	Graybeale Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00362	Suburban Grading & Utilities, Inc. - Alleged violation of VA Code § 56-265.18 and 20 VAC 5-309-180
URS-2010-00363	Vico Construction Corporation - Alleged violation of VA Code § 56-265.17 A
URS-2010-00364	Virginia Electric and Power Company - Alleged violation of VA Code § 56-265.24 A, 20 VAC 5-309-140 2 and 20 VAC 5-309-180
URS-2010-00366	A. G. Dillard, Inc. - Alleged violation of VA Code § 56-265.24 A and 20 VAC 5-309-140 2
URS-2010-00371	D. A. Foster Company - Alleged violation of VA Code § 56-265.24 A and 20 VAC 5-309-140 3
URS-2010-00372	Henkels & McCoy, Inc. - Alleged violation of VA Code § 56-265.24 A and 20 VAC 5-309-150 6
URS-2010-00373	Michael & Son Electric Services, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00377	Sharpeson Services Inc. - Alleged violation of VA Code §§ 56-265.17 A, 56-265.24 A and 20 VAC 5-309-140 2
URS-2010-00378	Simoes Concrete, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00379	Tradewinds Contracting, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2010-00381	D&F Construction, Inc. - Alleged violation of VA Code §§ 56-265.17 A, 56-265.17 B, 56-265.24 A and 20 VAC 5-309-140 2
URS-2010-00383	Promark Utility Locators, Inc. - Alleged violation of VA Code §§ 56-265.19 A, *et al.*
URS-2010-00384	Utiliquest, LLC - Alleged violations of VA Code § 56-265.19 A
URS-2010-00385	Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A
URS-2010-00386	Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A